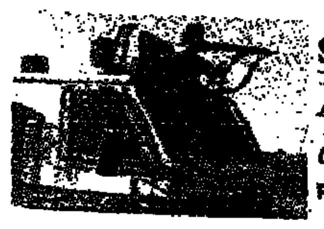


South Africa

After Hani – now comes the hardest part

Page 23

Clinton economics

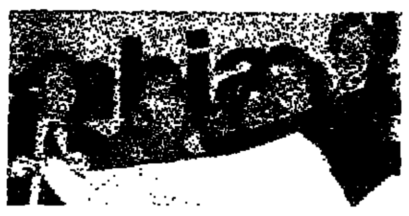
US joins the interventionist club

Page 23

Chernobyl

Worse than we had thought

Page 20



Italy

The shake-out begins

Page 2

FINANCIAL TIMES

Europe's Business Newspaper

WEDNESDAY APRIL 21 1993

Mainframe sales down as IBM loses $285m in quarter

International Business Machines, the world's largest computer company, reported a $285m first-quarter loss, providing little hope for a short-term recovery. It recorded losses of almost $5bn last year, its worst ever.

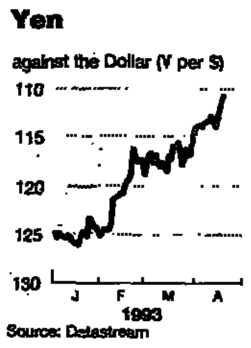
European sales dropped by almost 14 per cent while worldwide sales of mainframe computer products were down by a "high double digit per cent". Page 25

Clinton backs Reno: President Bill Clinton reaffirmed his confidence in attorney-general Janet Reno, and said he had no intention of asking her to resign as a result of the tragic ending to the siege of a religious cult in Waco, Texas. Page 6

Rome seeks new government: Italy's political leaders started the search for agreement on a new broad-based government following this week's overwhelming referendum vote for quick political reform. Page 24; Voters seize opportunity, Page 2; Editorial Comment, Page 23

Yeltsin under fresh attack: Russia's referendum campaign grew more bitter as parliamentary speaker Ruslan Khasbulatov claimed President Boris Yeltsin would only win through cheating. Page 24; Russia to receive IMF cash soon, Page 2; Tokyo gingerly embraces Russian bear, Page 4

Rising yen may not cut Japan's surplus



Source: Datastream

The yen's rapid rise against the US dollar could damage the Japanese economy without helping to reduce its trade surplus with the US, Bank of Japan governor Yasushi Mieno, warned after the central bank had intervened for the second successive day to slow the yen's rise. The yen ended the Tokyo trading day at a postwar high of Y110.25 against the dollar in spite of the Bank of Japan's intervention. Page 4; EC pessimistic, Page 6; Currencies, Page 42

Citicorp, biggest US commercial bank, reported first-quarter ~~1993 operating~~ earnings of $370m, up from $183m in the first quarter last year. Net profit was $670m as a result of accounting changes related to tax benefits. Page 25

UK borrowing record: The UK government ended a grim financial year by borrowing £9.5bn ($14.3bn) last month, the highest monthly borrowing requirement on record. Page 6; Lex, Page 24; Gilts, Page 30

Egyptian minister escapes death: Egyptian information minister Safwat Sherif and his driver were injured when gunmen fired on their car.

Philip Morris, which recently announced a sharp price cut for its flagship Marlboro cigarettes, reported a drop in profits from its domestic tobacco division in the first quarter of 1993 to $1.016bn at the operating level. Page 25

Awards for UK exporters: More than 150 UK businesses gained Queen's awards for success in exporting, in technological development and, for the first time, advances in environmental protection. The Financial Times group received its sixth export award. Survey, Pages 9-18

WHO uncovers fatal lab errors: Errors and inaccuracies in clinical and public health service laboratories kill or cause serious illness to hundreds of thousands of people, says the World Health Organisation. The WHO is expected to announce new guidelines for laboratory workers during a meeting in Geneva.
WHO row, Page 4

Nairobi devalues; Kenya devalued the shilling and acted to clean up financial sector corruption. Page 4

Serbs reject UN plea: The Bosnian Serb army rejected in advance a request by UN forces for more time to disarm Bosnian Moslem troops in the besieged town of Srebrenica. The UN said it had not yet determined the limits of the "safe zone" to be set up round the town. Page 24; Major tries to calm party fears, Page 7

Beijing shopping centre: A $1bn shopping and commercial complex is to be built in Beijing near the compound where China's communist leadership lives in seclusion. Page 24; Peking fears on growth, Page 4

STOCK MARKET INDICES		
FT-SE 100:	2856.1	(+26.1)
Yield	3.99	
FT-SE Eurotrack 100	1158.12	(-6.47)
FT-A All-Share	1399.20	(+0.8%)
Nikkei	19,828.43	(-283.91)
New York lunchtime		
Dow Jones Ind Ave	3450.24	(-16.75)
S&P Composite	446.22	(-2.24)
US LUNCHTIME RATES		
Federal Funds:	2 1/8%	
3-mo Treas Bills: Yld	2.839%	
Long Bond	104 11/32	
Yield	6.757%	
LONDON MONEY		
3-mo Interbank	6 1/16%	(same)
Liffe long gilt future:	Jun 105 1/32	(Jun 105 3/32)
NORTH SEA OIL (Argus)		
Brent 15-day (June)	$18.825	(18.835)
Gold		
New York Comex (Apr)	$339.9	(340.3)
London	$340.25	(339.65)

STERLING		
New York lunchtime:		
$	1.547	
London:		
$	1.542	(1.5395)
DM	2.4875	(2.4625)
FFr	8.335	(8.3175)
SFr	2.2575	(2.26)
Y	170.75	(171.0)
£ Index	80.3	(80.1)
DOLLAR		
New York lunchtime:		
DM	1.5952	
FFr	5.39675	
SFr	1.463	
Y	110.65	
London:		
DM	1.6	(1.5995)
FFr	5.405	(5.4025)
SFr	1.4645	(1.4685)
Y	110.7	(111.0)
$ Index	64.0	(same)
Tokyo close Y 110.25		

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft172	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	KSL45		
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira30	Spain	Pta200		
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr16.00	Sweden	SKr15		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00		
Finland	FM12	Korea	Won 2500	Philippines	Peso45	Thailand	Bht50		
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L7000		
						UAE	Dh11.00		

Drugs groups pledge to collaborate on Aids cure

By Paul Abrahams in London

FIFTEEN OF the world's largest drugs companies have pledged to work together in an effort to find a cure for Aids in an unprecedented collaboration.

The effort, which took more than a year to negotiate, involves nearly every large pharmaceuticals company searching for a treatment for HIV, the virus that causes Aids, in the US and Europe. The companies' annual sales total $55bn.

The group includes Wellcome, makers of AZT or Retrovir, the leading drug for HIV-positive individuals and Aids patients. Earlier this month a major Anglo-French study claimed that the drug failed to delay the onset of Aids in asymptomatic HIV-positive patients.

The surprise announcement yesterday said the companies would swap information, provide their drugs for competitors' clinical trials and exchange development techniques in an effort to speed up the flow of drugs to treat HIV-infection.

The groups will only swap information on drugs that are in development being tested for safety and efficacy. Data about drugs in research, before being tested on humans, will not be exchanged. No group has a commercial interest in the collaboration and each group will continue its own clinical trials. The world pharmaceuticals industry is spending about $2bn a year to find a treatment for Aids.

"This is an extremely important collaboration," said Dr Charles Leighton, senior vice-president for administrative planning at Merck, the US group that took a leading role in setting up the collaboration.

"The most optimistic route to an Aids therapy in the near term is through a combination of drugs because the virus is likely to become resistant to single agents. Many of the companies in this collaboration have single agents, but do not know which combinations to use them in. The hope is that through collaboration we will achieve more effective treatments more quickly for this terrible disease," he said.

He warned that failure rates for drugs in development remained high, but argued the collaboration was a step in the right direction.

Dr Richard Sykes, chief executive of Glaxo, Europe's largest drugs group, said: "I don't see any cut-throat competition in drug development in the Aids area. No one is going to make much money from Aids but we need to show that the pharmaceutical industry can produce the goods when it needs to."

Dr Leighton said it would not have been appropriate to set up collaboration before, because the drugs did not exist and it was not known the virus built up resistance to drugs used on their own. He stressed the initiative had come from both US and European companies.

The US companies include Merck & Co, Bristol-Myers Squibb, Eli Lilly, Pfizer, Du Pont Merck and Syntex, as well as Miles and Burroughs Wellcome, Bayer and Wellcome's respective US subsidiaries. European companies include Glaxo and SmithKline Beecham of the UK, Roche of Switzerland, Hoechst and Boehringer Ingelheim of Germany, Astra of Sweden and Sigma-Tau of Italy.

Aid bank governors angry at 'embarrassing' spending

Attali is told EBRD must be operated more openly

By Judy Dempsey in Bonn, Robert Peston in London and Andrew Hill in Strasbourg

MR THEO WAIGEL, Germany's finance minister, yesterday called for greater accountability and openness in the way decisions are made in the European Bank for Reconstruction and Development.

At the same time, Mr Waigel, who is chairman of the EBRD'S board of governors, told Mr Jacques Attali, the bank's president, he was concerned about criticism directed specifically at its expenditure on new offices in London.

"Mr Waigel stressed his concern about the [press] criticism of the bank and how it was creating a bad image. He also said there was a need for 'good housekeeping'," an official said.

Mr Attali faced further criticisms from Mr Henning Christophersen, the EC economics commissioner and an EBRD governor, who said yesterday that reports on the EBRD's spending decisions were "embarrassing", and that the Commission was very worried about apparently "insensitive expenditure".

In London, one of the bank's directors, who represent the countries which own the bank, said Mr Attali had only with great reluctance agreed that the bank's audit committee should conduct a thorough review of the £55.5m ($84m) spent on fitting out its new London offices.

The review is expected to take less than three months, a director said, and its findings are likely to be published.

Last week the directors made three other demands:

- That the three board committees, covering audit, remuneration and finance, should have increased powers to scrutinise bank executives' actions and that consideration should be given to setting up a special budget committee;
- That Mr Pierre Pissaloux, who is director of the budget, corporate planning and also serves as Mr Attali's *chef de cabinet*, should give up some of his responsibilities;
- That the budget-making process should start earlier in the year.

Directors said they were disappointed that Mr Attali wanted to negotiate on these points rather than agreeing to them immediately. At the board meeting on Monday, the US director, Mr William Curran, criticised Mr Attali for not apologising for the overspending. He said it was "the minimum" he would have expected of him.

Mr Christophersen said the question of low disbursements to central and eastern Europe was "particularly preoccupying". He added: "It is one thing to approve a loan; it is another getting to the stage when it is safe to hand the money over to a borrower."

Mr Christophersen said the EC had "already taken steps to strengthen the bank's budgetary control processes, to ensure that expenditure will be easier to justify".

Mr Waigel's meeting with Mr Attali, which had been planned before last week's revelations about how much the bank had spent on decorating its London headquarters, was more concerned with the EBRD's record in the former Soviet Union and the countries of eastern Europe.

Mr Attali's one-hour-long meeting appeared to have allayed suspicions at the finance ministry that the EBRD simply replicates the World Bank and other international financial institutions, and is therefore superfluous.

"If you ask me if the bank is necessary now, well, this used to be a hard question to answer", an official said. "We have this institution. We should work with the bank. It is useless to say we should abolish it. The key thing is to maximise its efficiency, and make it more flexible".

Although finance ministry officials yesterday admitted that disbursements by the EBRD in eastern Europe had been slow, "the bank should not be criticised for taking too little risk", an official said. "In fact, being careful about investments is a good thing".

Called to account: Theo Waigel (right) and Jacques Attali discuss criticism of the European Bank for Reconstruction and Development

High borrowing seen as bar to monetary union

By Peter Marsh, Economics Correspondent, in Basle

HIGH government borrowing throughout Europe is jeopardising the economic convergence needed for monetary union, the chairman of the committee of European Community central bank governors said yesterday.

Mr Wim Duisenberg also said that if Britain wanted to succeed with a future re-entry into the European exchange rate mechanism it should give its central bank independence and agree to abide by the ERM rules.

Mr Duisenberg, governor of the Dutch central bank, was speaking in Basle as the governors' committee concluded in its annual report that EC states made mistakes in their efforts to calm financial markets during the exchange rate crises last autumn and early this year.

During the unprecedented strains which forced Britain and Italy out of the ERM and led to the devaluation of the Irish, Spanish and Portuguese currencies, governments gave the impression that "policy measures to counter tensions were being taken on a piecemeal basis, with insufficient attention devoted to the credibility of the parity grid as a whole," according to the report.

The document also painted a bleak picture of economic activity across the EC this year with growth likely to be less than 1 per cent. Warning that the EC still had to win its battle against inflation, it said one of the causes of the exchange rate turbulence was financial markets' lack of confidence resulting from sharply different economic conditions across Europe.

Government borrowing rose last year to levels well above those advised in the Maastricht treaty. Mr Duisenberg feared that some of this rise resulted not just from higher spending and reduced taxes because of economic weakness but represented a widespread "structural deterioration" in state finances across Europe which would be more difficult to correct.

Mr Duisenberg said the EC governors had concluded that the ERM was technically sound and that it was in Europe's interests to stick with it despite the recent pressures. "We have looked at the system with a magnifying glass but we have not found any fault lines."

But although the Dutch central bank governor said "calm has returned" to the mechanism, Mr Luis Angel Rojo, governor of the Bank of Spain, said the system "still has elements of instability" partly as a result of high German interest rates.

In a reference to the exchange rate battles, the governors' report said "the level of nominal interest rates required [during the cri-

Continued on Page 24
Central bankers' verdict on Europe's economy, Page 3

BNL team to probe possible irregularities in Argentina

By Alan Friedman in New York

ITALY's state-owned Banca Nazionale del Lavoro (BNL) has sent a team to Argentina in the wake of suspected irregularities possibly involving a loss by the bank of as much as $100m.

Separately, US investigators from Congress and government agencies are also looking at BNL's Argentine operation, partly to see if any of the bank's funds in Buenos Aires were used to help finance Iraq's nuclear-capable Condor 2 missile project. BNL's Atlanta branch made billions of dollars of clandestine loans that helped fund Iraq's military build-up before the Gulf war.

The BNL affair has focused so far on the Atlanta branch. This is the first suggestion of a link with the Buenos Aires operation.

Between 1987 and 1989, letters of credit handled by BNL Atlanta provided funds for the Condor missile and other Iraqi weapons projects.

In Rome yesterday the bank said it was unaware of any links between BNL's operations in Atlanta and Buenos Aires.

Mr Davide Croff, a senior BNL executive in Rome, said the team sent to Buenos Aires is to study the restructuring and management of the branch network and related insurance businesses.

The BNL network includes 88 branches in Argentina acquired in 1987 and once owned by Banco Ambrosiano, the bank that crashed in 1982 in a scandal involving the Vatican bank.

The exact nature of the suspected irregularities in Argentina has not been disclosed but Mr Croff said the probe in Buenos Aires included the parent company in the US making a BNL capital injection to cover potential losses which he could not quantify and which he described as "restructuring costs."

The BNL executives sent to Argentina include some who investigated the Atlanta case in the US in 1989.

Mr Croff added that the Rome bank had no evidence of possible links between funds from BNL Argentina and companies that worked on the Condor 2 missile.

In Buenos Aires, meanwhile, a magistrate yesterday asked his Rome counterparts to help him investigate relations between the Italian foreign ministry and several Italian companies that did business in Argentina. One of the companies took part in the Condor 2 missile project and benefited from Iraqi loans made by BNL Atlanta.

The Argentine probe wants to question Italian diplomats and politicians in an attempt to establish whether Italian officials paid bribes to Argentine officials.

CONTENTS

Milan magistrates to question Fiat chief

By Halg Simonian in Milan

MR Cesare Romiti, managing director of Italy's Fiat industrial group, is today expected to appear before Milan magistrates investigating political corruption.

Neither the time nor the venue for the meeting have been revealed. Investigators stress Mr Romiti himself is not under suspicion.

Mr Romiti is unlikely to provide a list of cases where Fiat and its subsidiaries have allegedly bribed politicians to win orders or participated in a more systematic network of kickbacks. Rather, he is expected to outline the general system of corruption.

It is not clear whether this will convince magistrates that Fiat is co-operating. After his statement, Mr Romiti is expected to answer questions from the judges.

The return to Italy of four senior Fiat managers "on business" abroad and against whom cautionary warrants have been issued will be closely linked with the outcome of today's meeting.

Magistrates want to question two of the four, Mr Paolo Toricelli and Mr Mauro Bertini, in connection with allegations of kickbacks on gas turbine contracts for the Enel state electricity generating authority. Mr Toricelli is chief executive of Fiat Avio, Fiat's turbines subsidiary, and Mr Bertini is its marketing chief.

Mr Giorgio Garuzzo and Mr Massimo Aimetti have been implicated in allegations of kickbacks on bus contracts for the Milan municipality. Mr Garuzzo, Fiat's chief operating officer, was formerly managing director of its Iveco truck and bus subsidiary; Mr Aimetti is Iveco's finance director.

The company's increasing involvement in the scandal has created considerable tension between executives wanting to co-operate with the inquiries and those sustaining the group's previous hard line.

The differences have triggered rumours of the possible resignations of either Mr Romiti or Mr Giovanni Agnelli, Fiat's chairman. However, it is unlikely either will step down until the company believes the worst of the corruption affair is behind it.

Speaking to industrialists last weekend, Mr Agnelli, admitted that Fiat had been involved in episodes of systematic corruption. However, he tried to distinguish between those who had paid bribes as part of everyday business and others who had based their fortunes on political contacts.

The behind-the-scenes negotiations between Fiat's lawyers and the magistrates have triggered protests from some businessmen that Italy's biggest company is receiving preferential treatment. Milan magistrates deny this.

Italy's voters seize the chance to make their presence felt

Robert Graham assesses the outcome of the referendum

A RECORD eight simultaneous referendum proposals, presented in the worst of bureaucratic language, have failed to deter the Italian electorate from making an unequivocal choice in favour of change.

The final referendum results, announced yesterday, have given the clearest possible signal to Italy's discredited political establishment that politicians will have to operate by new rules in a less centralised state.

The main political winner is Mr Mario Segni, who founded the referendum movement three years ago, and who courageously split from the Christian Democrat Party to boost his reformist credentials in the run-up to these referendums. Although he has yet to form his own party, He has emerged with strong moral authority to appeal to a broad cross-section of the electorate.

Other beneficiaries of the voting are Mr Umberto Bossi, leader of the Lombard League; Mr Achille Occhetto, head of the former communist Party of the Democratic Left (PDS), who withstood considerable internal criticism for supporting the referendum movement; and Mr Marco Panella, the maverick leader of the small Radical Party.

However, both the Christian Democrats and Socialists, the main partners in the four-party coalition, managed to avoid the vote being turned into a referendum on the government by discreetly supporting the key proposal for reforming the Senate electoral system.

Voters distinguished subtly in their preferences for the different referendum proposals. The highest vote of 90.3 per cent was cast to end public funding of the political parties. This was a predictable reaction against the way the parties have built up bloated, expensive organisations feeding off public funds and illicit money collected from kick-backs on contracts now being exposed in the corruption scandals.

Significantly, a referendum in 1978 to cut state funding of the parties failed, garnering only 43 per cent of the vote.

The lowest vote – 55 per cent – was for the most controversial and overtly moral of the proposals: depenalising personal use of drugs. The voters' stance on the drugs issue, promoted in large measure to reduce pressure on prisons and keep drug-addicts out of jail, suggests the country is still cautious on moral issues.

In between these extremes, the powerful agricultural lobby managed to raise a sizeable vote – 30 per cent – against the proposal to abolish the Ministry of Agriculture. This has long been a key source of Christian Democrat patronage and votes, controlling Coldiretti, the Catholic association of small farmers.

Politicians have been given notice that they will have to operate by new rules in future

The voting pattern once again revealed the difference between the more civic minded north and centre of Italy, and the south where voter turn-out was 20 points less. Nevertheless, the vital referendum proposal, introducing a system of majority voting, was approved by an average 82 per cent. Proportional representation has encouraged the existence of small parties which, in turn, has fostered unstable coalition governments.

The proposal, championed by Mr Segni, is for the 315-seat Senate to be elected by a majority vote for all save 77 seats, which will retain proportional representation. He was only opposed by three minority groups: the neo-fascist MSI, the hardline Reconstructed Communism, and La Rete, the Sicily-based clean government movement headed by Mr Leoluca Orlando. (In Sicily, on this issue, the No vote averaged 32 per cent and in Mr Orlando's base of Palermo it topped 41 per cent).

The size of the Yes vote on majority voting increases the pressure for a complete overhaul of the electoral system and the extension of the same, or similar, principle to the 630-seat Chamber of Deputies. But sharp disagreements have to be overcome on whether to adopt a single round, or two as in France.

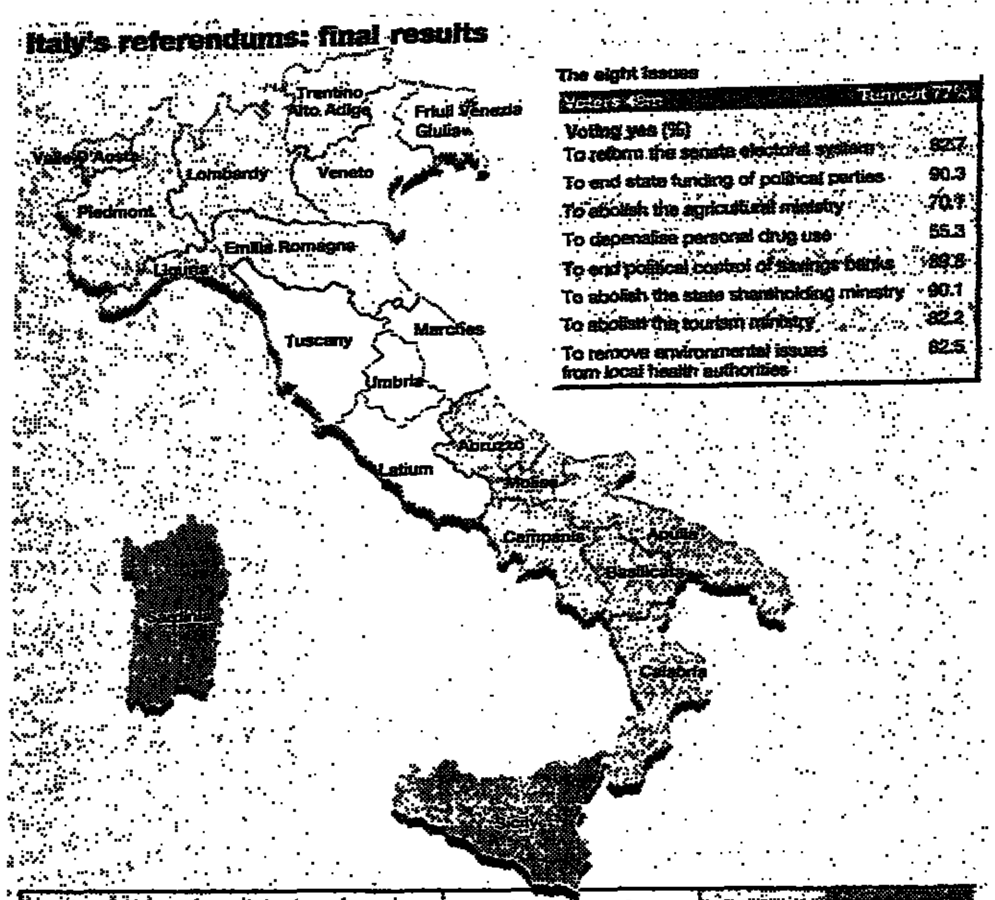
Mr Segni himself has been ambiguous about which of these alternatives he favours. All matters relating to electoral reform will now have to be taken up by the joint-parliamentary constitutional reform commission created six months ago and which has been marking time while awaiting the referendum result.

Abolition of state funding of political parties worth some L82bn (£34m) a year could spell the death of several small parties – particularly in the light of the magistrates' investigations into corruption which have helped cut illicit sources. In future, parties will have to finance themselves through voluntary contributions. These will probably be tax deductable up to a certain level and paid into foundations.

The closure of the three ministries – agriculture, state shareholdings and tourism – along with the removal of environmental issues from the control of local health authorities, will force a considerable shake-up of ministerial activity. The State Shareholdings Ministry has been effectively defunct since the Amato government took office last June, but efforts to create a Privatisation Ministry, to wind up and assume some of the latter's functions, have been blocked in parliament. The referendum vote could now speed up the definition of this privatisation ministerial portfolio.

On agriculture, the authorities will be obliged to devolve many of the existing ministry's functions to the regions, 10 of which pressed for the change. But a new co-ordinating body will have to be created to deal with Italy's EC obligations. In the case of tourism, which includes sport and entertainment, a similar co-ordinating structure will be needed. As for ending political control of savings banks nominations (instituted by Mussolini in 1938), this will be one further nail in the coffin of political patronage and interference in the economy.

Italy's referendums: final results



The eight issues

Voters 48m	Turnout 77%
Voting yes (%)	
To reform the senate electoral system	82.7
To end state funding of political parties	90.3
To abolish the agricultural ministry	70.1
To depenalise personal drug use	55.3
To end political control of savings banks	89.8
To abolish the state shareholding ministry	90.1
To abolish the tourism ministry	82.2
To remove environmental issues from local health authorities	82.5

	The North	The Centre	The South	
Voters	21.6m	9.3m	11.4m	5.6m
Turnout	84.9%	81.2%	64.3%	64.7%
To reform the senate electoral system %	87.4	81.8	76.5	
To end state funding of political parties %	92.9	90.2	85.5	
To abolish the agricultural ministry %	75.0	66.3	62.8	
To depenalise personal drug use %	54.8	57.2	53.4	

Balladur downplays meeting with Kohl

By David Buchan in Paris

PRIME MINISTER Edouard Balladur yesterday downplayed expectations of any new monetary initiative arising out of his first meeting with Chancellor Helmut Kohl in Bonn tomorrow.

The new law to make the Bank of France independent, which will go before the parliament next month for approval, will be "an element of reinforced confidence" between France and Germany because their central banks will have the same status and "speak the same language," Mr Balladur told a press conference.

"But I will not be asking the Germans" to lower their interest rates, said Mr Balladur. It was for the Bundesbank to respond to its own domestic pressure for cheaper money. The Bank of France this week cut its official lending rates to their lowest level since autumn 1989, exploiting the current strength of the franc and the recent drop in French money market rates.

Once the Bank of France gets autonomy in monetary policy-making, the government in Paris will have just as little influence over domestic interest rates as the government in Bonn, Mr Balladur noted.

Mr Balladur dismissed as a "pious wish" any idea of "accelerating the timetable for monetary union". The sorry state of the public finances of most European governments would not permit any speedier move towards currency union, he said. His goal was for France to meet the Maastricht convergence criteria by 1997.

Referring to his planned May 4 visit to see British Prime Minister John Major, Mr Balladur said "Franco-British issues were less urgent, at least on the monetary front". But in the context of the stalled Gatt trade talks – where his difference of opinion with Britain is sharpest – the French premier said he had ordered from his staff a rapid review of whether Europe really was more protectionist than North America, the Far East and other regions.

Russia will receive IMF money soon

By George Graham in Washington

RUSSIA could start to receive money in as little as a month or two from a new temporary facility set up by the International Monetary Fund, Mr Michel Camdessus, IMF managing director, said yesterday.

The IMF board last week approved in principle the "systemic transformation facility", which is expected to provide $4bn-$6bn to help Russia and other countries in eastern Europe and the former Soviet Union make the leap to a market-based economy. Some Asian countries, such as Mongolia or Vietnam, could also become eligible.

Countries will be eligible to receive up to half their IMF quotas from the facility. This would allow Russia to get up to $3bn, with half this sum available immediately and the rest 6-12 months later.

The facility is intended to provide balance of payments support to countries which experience a sharp fall in export earnings or a sharp rise in net import costs, particularly for energy, because of a shift to market prices.

Mr Camdessus estimated Russia's balance of payments shortfall at around $40bn over the next year, roughly the size of the $43bn package unveiled in Tokyo last week by the Group of Seven leading industrial nations, which included the systemic transformation facility.

The economic policy conditions required by the IMF will be looser than those for a normal IMF standby agreement, but countries will still have to take "significant policy actions" to stabilise their economies, stem capital flight and implement structural and institutional reforms.

Russia's economic reforms are beginning to bear fruit, with evidence of a fall in inflation, a reduction of credit expansion and a stabilisation of production, according to the Centre for Economic Performance run by the Russian Centre for Economic Reform and Professor Richard Layard of the London School of Economics, writes John Lloyd in Moscow.

The figures show a fall in the monthly inflation rate from a high of around 27 per cent in January to 21 per cent in March.

Production continues to run at levels between 10 and 15 per cent below those of last year, but the fall has stopped and there is a very modest evidence of a rise.

Professor Layard said that there was "an opportunity for further innprovements in the economy" following an agreement between the central bank and the government to keep the increase in credits down to 10 per cent a month, and because of money promised by the Group of Seven.

Foreign assistance coming into Russia in the second half of the year, he said, would amount to 20 per cent of its national income.

MEPs seek toughening of curbs on animal testing

By Andrew Hill in Strasbourg

MEMBERS of the European Parliament will vote today to toughen rules on cosmetics testing on animals.

MEPs want to prevent EC cosmetics manufacturers conducting such tests from the year 2000.

However the European Commission has said it will not back the parliament's attempt to strengthen a delicate compromise on the issue, agreed by member states last November.

EC ministers agreed unanimously to ban cosmetic tests on animals from January 1 1998. However, if alternative testing methods have not been developed by 1997, the ban could be postponed for at least two years.

That deal has not satisfied many MEPs and animal welfare groups. They believe it could lead to a ban being postponed indefinitely.

Today's vote is on amendments which would toughen the directive by restricting any delay to a maximum of two years, and extending the measure to prevent duplication of animal testing.

For example, cosmetics companies would not be allowed to test ingredients on animals if such tests had already been carried out for other purposes, even under non-EC legislation.

The parliament introduced the idea of a ban last summer, by amending a directive on the free movement of cosmetics. But without the support of the Commission it will be unable to force a change to last November's compromise.

Mrs Christiane Scrivener, consumer affairs commissioner, told MEPs yesterday that the Commission would try to make the process of assessing alternative tests more transparent. But she said Brussels could not support proposals to limit any delay to two years, as they would jeopardise ministerial agreement on the rest of the measure.

Gonzalez in show of unity

By Tom Burns in Madrid

SPANISH Prime Minister Felipe Gonzalez has overcome a major hurdle in his bid to win a fourth term in general elections scheduled for June 6 by constructing an apparently united front within his ruling Socialist party.

Mr Gonzalez, who is currently running neck and neck with centre right opposition leader Mr Jose Maria Aznar in opinion polls, has drafted his deputy prime minister, Mr Narcis Serra, into the planning committee for the June poll. Mr Serra is a staunch defender of monetarist policies and of a market economy.

But Mr Gonzalez has also appointed Mr Alfonso Guerra, the former deputy prime minister and the leader of the party's left wing, to be the campaign's general co-ordinator and the head of the committee vetting party candidates.

The nominations, which have been unanimously endorsed by the party's 200-member federal committee, contrast with the deep divisions among the socialists earlier this month.

Mr Gonzalez was prompted into calling a snap election last week by a confrontation between the members of his government, including Mr Serra, and members of the party machinery, led by Mr Guerra.

Mr Suleyman Demirel: strongest contender for presidency Terry Kirk

Fears for fate of coalition if Demirel stands

By Edward Mortimer and John Murray Brown in Ankara

TURKEY'S prime minister, Mr Suleyman Demirel, has emerged as the leading candidate to succeed the late President Turgut Ozal who died at the weekend. However, his candidacy could have serious consequences both for himself and his True Path Party (DYP).

There are fears that such a move would cause the break-up of the 17-month-old government coalition between the centre-right DYP and the Social Democrat Populist Party (SHP) led by Mr Erdal Inonu.

Mr Demirel is widely seen as the strongest candidate, and in an interview with the Financial Times, he admitted he was "going to be under pressure, not just from my party, but from public opinion, the press and other places" to put his name forward in the first ballot which must take place before May 7.

Now in his seventh term as prime minister, Mr Demirel is determined to avoid the constitutional deadlock which left Turkey without an elected president for nearly six months before he was ousted as premier by the military in 1980.

However, commentators point out that his departure would leave his party without a strong hand on the helm and at risk in next year's local elections and at the general election due in 1996.

He is probably the only candidate for president capable of securing the votes of the necessary two-thirds of parliament's deputies. There seems little consensus behind the other two names being mentioned yesterday – Mr Husamettin Cindoruk, parliamentary speaker, and Mr Inonu, who is also deputy prime minister.

Mr Cindoruk, who has been increasingly critical of government policy in recent weeks, seems certain to be opposed by Mr Demirel's supporters. Equally, a decision to stand by Mr Inonu, the physicist son of Turkey's second president, would deprive his party of leadership at a time when it is faces defections to the newly-revived People's Republican party.

Mr Demirel's election as president would pave the way for Mr Cindoruk to become the DYP leader who seems likely to favour a coalition with the right-wing Motherland Party (ANAP). There will then be a question as to how to accommodate ANAP's leader, Mr Mesut Yilmaz, a former prime minister.

Germany to send troops to help UN in Somalia

By Ariane Genillard in Bonn

GERMANY will send 1,600 troops to Somalia to provide technical and humanitarian assistance despite continuing political disagreements over the role of German military personnel outside Nato. The soldiers will help rebuild roads, bridges and will secure water supplies.

The decision follows a request by UN secretary-general Mr Boutros Boutros Ghali last week, in which he said the German soldiers would be deployed in a "secure environment" only.

The coalition parties decided yesterday that Somalia was safe enough for soldiers to go there. It was also decided to send a small contingent of lightly armed infantry as protection. The decision is expected to be formally ratified by the cabinet today.

The move has been attacked by the opposition Social Democrats who claim that there is a thin line between safe and unsafe areas. But party leaders indicated yesterday that they will not fight the decision in the federal constitutional court.

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NEWS: CENTRAL BANKERS' VERDICT ON EUROPE'S ECONOMY

☐ State indebtedness threatens growth prospects ☐ More turmoil on foreign exchange markets forecast

Tough action urged to cut government borrowing

GOVERNMENTS across Europe should take tough action to reduce state borrowing despite the strains this might cause on already weak economies, central bankers said yesterday.

According to the annual report of the committee of European Community central bank governors, measures either to reduce state spending or increase taxes are required to avoid the risk of an "overburdening" of monetary policies which may reduce growth prospects over the longer term.

The committee, in only its second annual report since it was set up in 1964, is far from upbeat about economic prospects. It forecasts EC growth of less than 1 per cent this year, even less than the subdued levels of 1991 and 1992.

While inflation has fallen generally across the community in the past two years, "a significant moderation in wage increases is still needed where labour costs rise at a rapid pace," the governors warn.

In the light of the strains since last autumn in the European exchange rate mechanism, moves towards pruning high budget deficits are needed to strengthen confidence in government policies in financial markets, the report says.

Ultimately such fiscal tightening should permit lower interest rates and hence allow a resumption of stable growth across the continent.

The recent ERM changes – Italy and Britain have suspended membership while Ireland, Spain and Portugal have devalued – "should have helped to correct the effects of past [economic] imbalances", the governors say.

However, they warn that the series of exchange-rate movements, which have helped the competitiveness of specific countries and permitted Britain to cut short-term interest rates by 4 percentage points, "should not be construed as having eliminated the constraints on domestic economic policies". The ever-closer integration of EC countries leaves "no alternative" to close co-ordination of economic policies.

Across the EC, public finances have seen a large deterioration, with the ratio of overall government borrowing to economic output rising to 5.3 per cent last year from the "already unsustainably high" 4.7 per cent in 1991 and 4.2 per cent the year before.

Reports by Peter Marsh, Economics Correspondent

The economic outlook for the EC this year is relatively gloomy, after the poor performance last year in which growth across the community fell to 1.1 per cent from 1.2 per cent in 1991. During 1993, economic activity in the EC "is likely to receive only a modest stimulus from external demand" from big trade partners such as Japan and the US. Consequently growth may dip below 1 per cent.

Inflationary pressures are expected to fall slightly.

But even with the likely fragility in the European economy in the coming months "sight should not be lost of the need for fiscal consolidation" because of the long-term need to bring down borrowing to the level envisaged in the Maastricht treaty of 3 per cent.

While increases in borrowing are to some degree explained by higher social security spending and a reduced tax take caused by the economic slowdown, EC countries should take steps to ensure increases in deficits go no further than the "normal automatic effects" of a slowdown in growth.

The report says the increase in the budget deficit in the UK, from 2.7 per cent of GDP in 1991 to 6.1 per cent in 1992, was "particularly striking".

The only other EC nations with higher deficit to output ratios last year were Belgium with a ratio of 6.9 per cent, Greece with 9.1 per cent and Italy with 10 per cent.

Annual report 1992 of the committee of EC central bank governors, c/o Bank for International Settlements, Basle, Switzerland. Tel 41 61 280 8080.

Lack of competition stoking inflation

EUROPE'S economy is being shielded from the price-reducing pressures of international trade, particularly in services, the central bankers said.

This could create a further hurdle for economic and monetary union, which many economists believe should be conditional upon low inflation in both production and service industries.

According to the central bankers' report, inflation in the non-traded goods sector of the EC economy – being services and products mainly for domestic sale – registered a year-on-year rate of 6.6 per cent last year. This was significantly higher than the 3.2 per cent recorded for merchandise sold across national boundaries.

YEAR-ON-YEAR CONSUMER PRICE INFLATION IN EC COUNTRIES, 1992

	Non-traded goods & services (per cent)	Traded goods (per cent)	Difference (percentage points)
Belgium	4.2	2.4	1.8
Denmark	3.5	0.2	3.3
Germany (western)	5.5	2.7	2.8
Greece	19.2	14.7	4.5
Spain	8.8	4.5	4.3
France	4.5	1.6	2.9
Ireland	3.9	2.5	1.4
Italy	7.5	2.8	4.7
Netherlands	4.1	2.6	1.5
Portugal	11.2	7.4	3.8
UK	7.3	3.8	3.5

The difference of 3.4 percentage points between the two figures was "around the highest level for 10 years" the report says. In 1991 the difference was 3.2 percentage points and in 1990 it was 3.1 points.

The high levels of inflation in the non-traded part of many countries' economies was partly responsible for the "relative resilience" of consumer-price inflation last year across the EC.

The governors express disappointment that the consumer price index for the EC as a whole was a year-on-year 4.3 per cent last year, even though this was down on the 5.1 per cent recorded in 1991 and 5.7 per cent in 1990.

The large differences in many countries between inflation for traded goods as opposed to that for non-traded items "suggests the presence of structural problems which are hampering the reduction of inflation".

"Policy measures to strengthen competition and raise productivity in the more sheltered [economic] sector" are required to tackle the problem, the governors believe.

Spanish governor warns on currencies

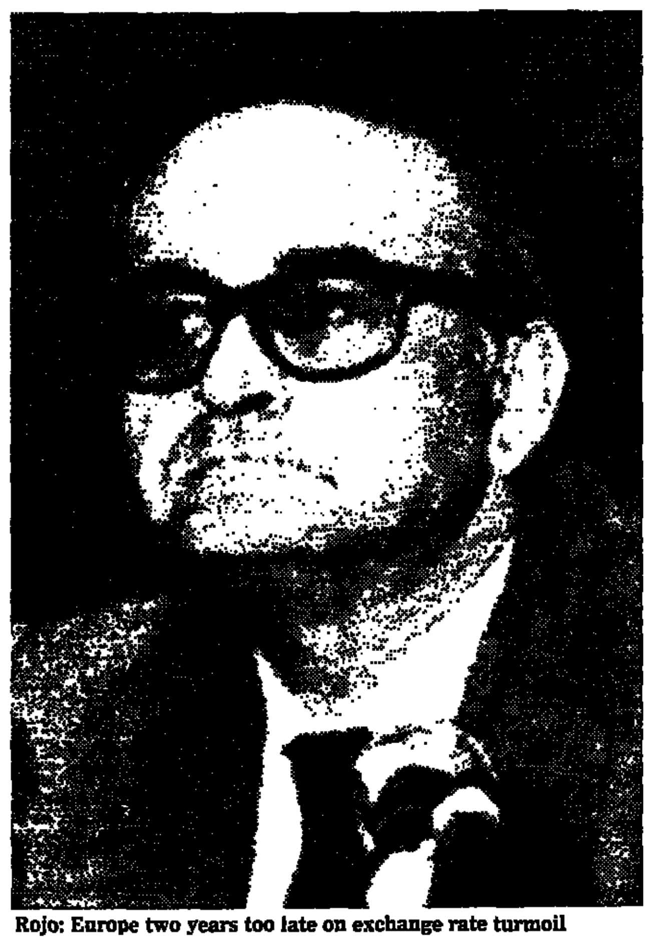
EUROPE faces further exchange rate instability because of the combination of weak growth prospects and high German interest rates, Mr Luis Angel Rojo, governor of the Bank of Spain, said yesterday.

In unusually frank comments, Mr Rojo said European governments had been two years too late in efforts to head off recent currency market instability. They had also made important technical mistakes in drafting the Maastricht treaty.

Mr Rojo said it "was not easy" to suggest how Europe might address its mounting economic difficulties. "We will just have to wait and see if the elements of disturbance are overcome," he said.

The remarks by Mr Rojo underline worries in financial markets that Europe might soon experience another period of currency strains, after the run of realignments in the European exchange rate mechanism which saw the peseta devalued twice and forced Britain and Italy out of the system.

Mr Rojo said "possible problems" were piling up, including the second Danish referendum on European integration on May 18, the June 6 Spanish general election and the impending decision in Britain on ratifying the Maastricht treaty. Meanwhile, high German interest rates were making it harder for ERM countries, including Spain, to cut interest rates to head off economic slowdown.



Rojo: Europe two years too late on exchange rate turmoil

Mr Rojo, a highly-regarded former economics professor who took over as Bank governor last July after a spell as deputy governor, said Spain had little option but to keep short-term interest rates at around 13 per cent even though output growth this year is likely to be less than 1 per cent.

Europe should have had the foresight two years ago to revalue the D-Mark upwards because of the inflationary pressures sparked by German unification, Mr Rojo said. It also should have omitted from the Maastricht treaty any numerical definition of the convergence limits for fiscal policy which "created confusion" and were a "restrictive element".

The governor was referring to the goal of keeping government deficits to less than 3 per cent of GDP and state borrowing to less than 60 per cent. He said he thought the Bundesbank would "make substantial cuts" in German interest rates later this year. "But the problem is the timing. It seems the cuts will be quite slow and as a result there will be further difficulties for some months."

Belgium passes central bank law

BELGIUM has enacted a law guaranteeing the independence of its central bank and preventing the Treasury from borrowing from the bank, the Finance Ministry announced yesterday, Reuter reports from Brussels.

The law was passed as part of Belgium's efforts to meet the conditions for economic and monetary union. Belgium is one of the few EC states to have enacted the legislation.

"This law guarantees notably the autonomy of the National Bank of Belgium [the central bank] and prevents all possibility of monetary financing by the Treasury from the BNB," the ministry said.

Germany already has such legislation and France has said it intends to move to an independent central bank.

Burden of debt holds back UK economy

THE "less healthy" state of household finances in Britain compared with other European nations has put the UK at an economic disdvantage.

This conclusion emerges from the annual report of the governors of the 12 European central banks. It says interest payments as a proportion of income rose threefold in the UK during the 1980s, significantly more than in other major EC nations. In 1990 interest payments were at least twice as high in the UK, relative to income, as in other large European nations.

"It appears that efforts by households in the UK to strengthen their balance sheets by restraining expenditures and reducing debt have contributed to the weakness of [recent UK economic] activity," the report says.

According to the report, people's interest payments as a proportion of income in the UK came to about 10.5 per cent in 1990, up from 3.5 per cent in 1979.

Ireland showed the next biggest rise in such payments, which rose from about 1 per cent to 2 per cent of income.

In Germany, the equivalent ratio rose from 2 per cent to 3 per cent during the same period, while in France it went up from 2 per cent to 3.5 per cent. In Italy the ratio came down from 4.5 per cent to 3.5 per cent.

The EC nation with the next highest payments level after Britain in 1990 was Spain with a ratio of personal sector interest payments to income of about 4 per cent.

The level of indebtedness by UK citizens, together with the prevalence in Britain of lending according to variable rather than fixed interest rates, "suggests that household expenditures are likely to be relatively more responsive in the UK to changes in [official] interest rates," the governors say.

Rising yen may not cut Japan's surplus

By Charles Leadbeater in Tokyo

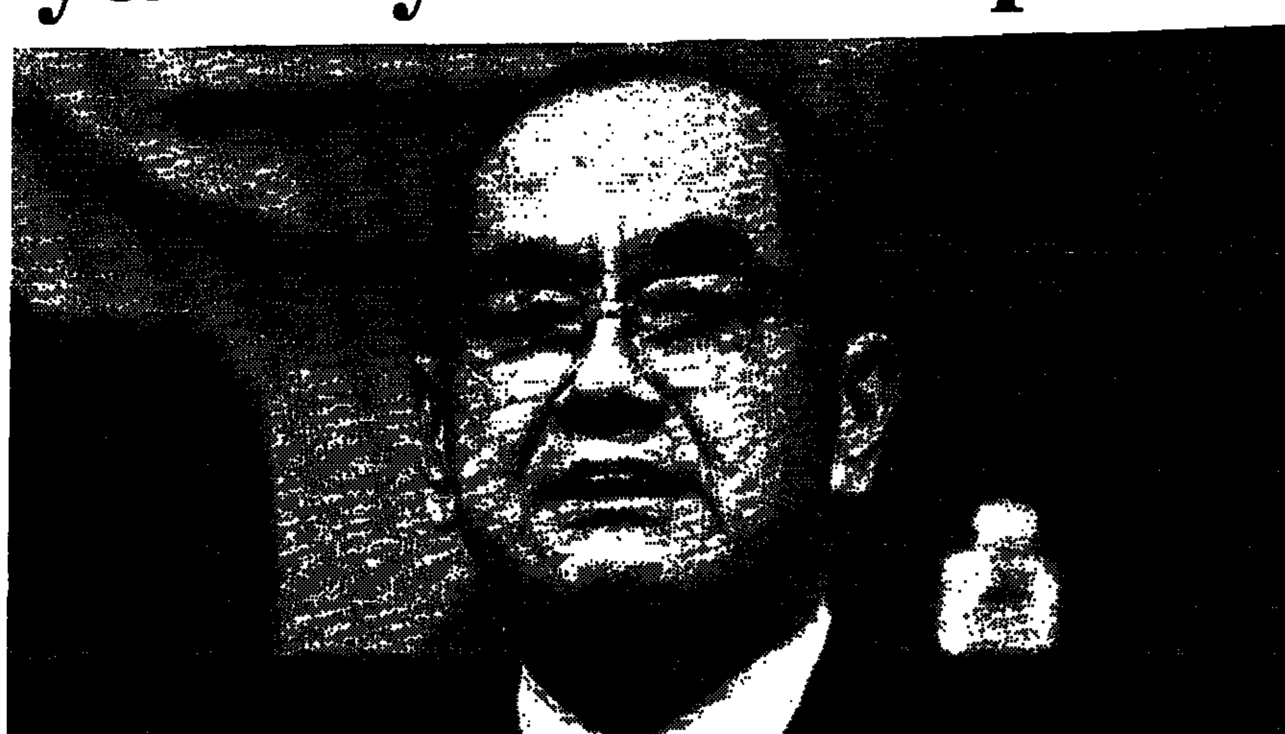
THE yen's rapid rise against the US dollar could damage the Japanese economy without helping to reduce its trade surplus with the US, Mr Yasushi Mieno, the Bank of Japan's governor, warned yesterday after the central bank had intervened for the second successive day to slow the yen's rise.

The yen ended the Tokyo trading day at a post-war high of Y110.25 against the dollar, in spite of the BoJ's intervention.

The currency's rise in the past two days, in the wake of weekend comments by US President Bill Clinton that a stronger yen was one factor which would help to reduce the Japanese trade surplus, has spread consternation through the ranks of Japan's policymakers and politicians.

Not only does the yen's rise threaten to choke off export growth, prolonging the deepening downturn in the Japanese economy, it is seen by many officials as the first tangible sign of greater friction in Tokyo's relations with a more assertive administration in *Washington*.

Mr Clinton, speaking after meeting Mr Kiichi Miyazawa, Japanese prime minister, said a stronger yen was one among several factors which would help to correct the trade imbal*ance between the two coun*tries.



Yasushi Mieno, Bank of Japan governor, warns yesterday that he will oppose making Japan the locomotive of international growth

The US pressure on Japan to reduce the trade surplus will set off a fierce political battle in Tokyo over Japan's response.

Mr Mieno yesterday gave notice that he would oppose any policy to make Japan the locomotive of international growth.

The US is expected to push for such a global growth strategy at the forthcoming summit of the Group of Seven leading industrialised nations in Tokyo in July.

Mr Mieno said international policy co-ordination was not meant to give any one country the role as a locomotive of growth but that each country should pursue non-inflationary, stable growth within the context of the health of their respective economies.

The governor attempted to play down the significance of Mr Clinton's remarks. He said they did not indicate the US wanted a higher yen. However, many senior Japanese officials believe the US has embarked on a deliberate policy of talking up the Japanese currency.

Mr Mieno said the Japanese economy had yet to hit the bottom of its long decline over the past two years.

However, he predicted that growth would pick up at a moderate rate during the second half of the financial year which began this month.

Mr Mieno said the Japanese financial system and its industrial companies had only just begun the drawn-out task of restructuring, with banks dealing with their bad debts and industrial companies cutting their fixed costs.

He also warned against a re-regulation of the Japanese economy, through government measures to support the financial system for instance, which would delay restructuring through competitive, market forces.

Pakistan to review Sharif commitments

By Stefan Wagstyl and Farhan Bokhari in Islamabad

PAKISTAN'S new government, which has taken power following the dismissal of the administration of Mr Nawaz Sharif, yesterday pledged to honour the country's international financial commitments.

However, the new administration promised to examine Mr Sharif's extensive public spending plans with a view to reducing public borrowing.

Diplomats took this to mean the government would honour existing contracts for road-building and other projects but that future schemes could be delayed, or in some cases scrapped.

Mr Sharif's government was sacked on Sunday and the national assembly dissolved by President Ghulam Ishaq Khan after a protracted power struggle. Among the charges levelled by Mr Ishaq Khan were economic mismanagement, including corruption and overspending.

Mr Farooq Leghari, the newly-appointed finance minister, said that "all contractual obligations shall be met" in *response to questions about* infrastructure projects which were a central feature of Mr Sharif's government. But he added: "We will go into a much greater degree of financial discipline."

The new government is faced with a budget deficit for the year to the end of June which private sector economists estimate will be 7 to 8 per cent of national output. The new administration will seek an increase in *foreign development* aid to Pakistan. Officials this week postponed a meeting with donor organisations in Paris this week, pleading for time to review the economy and public spending.

Diplomats in Islamabad said yesterday the meeting was now unlikely to be held until *after elections which Mr Ishaq* Khan plans to hold in July.

The new government promised not to reverse Mr Sharif's widely-praised economic liberalisation programme, which included privatisation, customs duty cuts, and foreign exchange deregulation. Mr Leghari said: "Market-oriented concepts will continue to apply. We will continue to work towards further liberalisation of the economic system *and we are going to* work towards even greater deregulation."

The government is trying to form a multi-party cabinet to support its claim that it represents a wide range of national *interests. Mr* Balakh Sher Mazari, the new prime minister, comes from the Pakistan Muslim League, Mr Sharif's party, and Mr Leghari is a member of the opposition Pakistan People's Party led by *Ms Benazir Bhutto.*

Yesterday in Lahore, the provincial capital, many small businesses closed in protest at the Mr Sharif's dismissal.

However, it is widely believed in Islamabad that the president may approve the arrest of Mr Sharif for alleged crimes while in office. The election may also be delayed by a suit, filed in Lahore High Court, contesting the legality of the president's dismissal of Mr Sharif's government and the national assembly.

Tokyo gingerly embraces Russian bear

According to Japanese opinion polls, people still do not trust Moscow, reports **Robert Thomson**

WHEN hosting a Group of Seven ministerial gathering last week, Japan unveiled a fresh aid package for Russia, heralded a planned Tokyo visit by President Boris Yeltsin, and steered around a territorial dispute that has soured relations with Moscow for four decades.

Having drawn praise from an international audience last week, Japanese officials are now playing to a less approving domestic audience and the carefully measured tones are giving way to blunt opinions. Mr Seiroku Kajiyama, secretary general of the ruling Liberal Democratic party, suggested that he "distrusts" Russia and doesn't understand "why we should help such a country".

And Mr Kabun Muto, the foreign minister, who had indicated that he would travel to Moscow to finalise details of Mr Yeltsin's visit, expected in late May, now says there is no reason for him to go. Behind the schedule change is the belief that Japan has done enough to prepare the way for the Russian president, who abruptly cancelled a planned trip late last year.

After convincing G7 members of the Japanese commitment to supporting Russian reform, the government must convince its sceptical citizens that not too much has been given away. Mr Kajiyama is not the only LDP politician to reach for pejoratives when it comes to Mr Yeltsin, seen as not much more sympathetic to Japan than his predecessors in Moscow.

In trying to explain what happened last week, various ministers at varying times have suggested that nothing much had changed in Japan's official policy on Russia, that a great deal had changed, or that a bilateral dispute takes on a different meaning during a multilateral meeting.

But, as one finance ministry official said yesterday, the meeting itself was part of the education process for Japanese, whose perceptions of Russia are coloured by sentimental and selective textbook accounts of injustices and indignities their country has suffered during the last century.

Aware of that deep feeling, a foreign ministry official warned that the government must be careful to address popular concerns when dealing with Russia: "If you look at the public opinion polls, Russia does not rate very highly. People do not trust Russia."

The visiting G7 ministers assisted the education process by emphasising Japan's growing international responsibilities and giving a sense of the costs that may follow the collapse of a reform-minded Yeltsin administration. Mr Warren Christopher, the US Secretary of State, said the "world will be a considerably more dangerous place."

However, Japan still waits for Russia to return four disputed islands, the Kuriles, occupied by Soviet troops at the end of the Second World War and known to Japanese as the Northern Territories. And while $1.82bn (£1.18bn) was promised in aid last week, Mr Koko Sato, the LDP's executive council chairman, said further aid must be limited until Moscow opens negotiations.

"If Yeltsin falls, I don't think that Russia will revert to socialism or communism. I cannot accept the view that the world will be turned upside down without Yeltsin," Mr Sato said.

Business leaders echoed the reservations of Japanese politicians about embracing Russia. The Japan Chamber of Commerce and Industry said assistance to Russia was "unavoidable" and the Japan Federation of Employers' Associations said the country had "no choice."

Japanese companies' wariness of Russia was reflected in trade figures for the fiscal year ending in March. Exports to Russia were down 35.8 per cent on a year earlier and imports from Russia fell 21.5 per cent.

Until last year, Japan had insisted Russia would not get significant economic aid until the islands were delivered, but that policy became unsustainable after Japan became chair of the G7, which gave priority to supporting Russia's reforms.

In attempting to explain the change, Mr Yohei Kono, the chief cabinet secretary, said the policy of directly linking aid to the islands was "only intended for a Communist government in Moscow," and that a reformist government should be treated differently.

But Mr Muto said the link remains and that Russian policy, officially called "expanding equilibrium," remained the same. To keep that equilibrium expanding, the foreign ministry expects Mr Yeltsin to give ground on the Kuriles during his May visit.

The Russian representatives were aware last week that their country has an image problem in Japan. Mr Andrei Kozyrev, foreign minister, took time to make a well-publicised visit to Mr Michio Watanabe, the former foreign minister, who recently resigned because of ill-health.

And Mr Yeltsin's offer to visit Tokyo was welcomed, although he invited himself before the Japanese government had the chance to invite him formally, causing mild irritation. A miffed but polite official explained: "We are pleased that Mr Yeltsin is coming, even if he is unaware of diplomatic etiquette."

Peking fearful 14% growth is way over top

By Tony Walker in Beijing

CHINESE officials face some unenviable decisions before mid-year following the release this week of economic data indicating that China's economy is overheating.

While China's leaders show *no sign* yet of "hitting the panic button", officials are saying privately that growth rates of 14 per cent – the figure for the first quarter of 1993 – are unsustainable.

Western economists expect the leadership will want to monitor developments in the second quarter before taking more decisive measures to restrain economic growth and cool pressures on prices; but at the same time they believe China's economic managers cannot afford to delay too long.

Mr Ross Garnaut, professor of economics at the Australian National University and a former Australian ambassador to *Beijing, said yesterday that if* measures adopted late last year, including credit restrictions, did not bite soon then "heavier controls" on investment, as well as "strong action" on monetary policy *would be required.*

"Present economic growth is not sustainable," he said. "The big question is whether it can be brought back into a sustainable range or whether a hard landing may be required." Growth rates of 9 to 10 per cent were probably manageable.

Among fears in the foreign business and investment community is that the worrying inflation figures of nearly 16 per cent and higher than expected growth will panic China's leadership into reverting to the "stop-go" economic policies of the 1980s that slowed reform and contributed ultimately to political unrest.

In 1988, China's economy grew by some 12 per cent before brutal credit restrictions and other measures brought growth down abruptly to 3.9 per cent in 1989. China's economy grew by 5 per cent in 1990; and 7 per cent in 1991 before rocketing ahead by 12.8 per cent last year.

Efforts by the authorities to introduce a mild credit squeeze have failed, judging by figures showing credit for 1992 grew by 21 per cent, much the same as the year before. The broader M2 measure of money supply also continued to gallop along *with growth of 30.6 per cent* last year.

Western officials caution inflation figures for the first quarter are generally higher than for the rest of the year. They say wage increases are more *than keeping* pace with price rises that have been fuelled partly by structural reforms such as abolition of subsidies. Some argue that as much as 60 per cent of increases are attributable to the freeing *of prices on basic* items like rice and fuel.

Nairobi devalues by 23.4%

KENYA devalued the shilling yesterday and took action to clean up mismanagement and corruption in its financial sector, Reuter reports from Nairobi.

Bankers and economic analysts welcomed a 23.47 per cent cut in the official rate of exchange against the US dollar and the recent central bank takeover of a number of lending institutions, but doubted they represented a big shift in government policy.

Yesterday the central bank *posted its daily mean rate at* 59.0072 Kenyan shillings to the dollar compared to KSh45.160 previously. It gave no explanation for the move.

Private banks yesterday quoted between KSh72 and *KSh75 for the dollar.*

Most analysts said the government had been forced to take action to try and contain a looming economic crisis, spurred by huge unpaid loans to so-called "political banks", high interest rates and a shortage of hard currency.

"These measures may well have been taken for all the wrong reasons. Nevertheless they are to be welcomed if they lead to more of the same," said one World Bank official.

In March, the government, angered by an International Monetary Fund refusal to recommend a resumption of critical balance of payments support of some $40m a month, abruptly reversed economic liberalisation policies.

Foreign currency controls were reimposed in agriculture and tourism and President Daniel arap Moi accused the IMF of trying to impose "dictatorial and suicidal policies" on the east African country.

Bankers said Mr Moi and his closest supporters had expected an effective flotation of the currency on February 19, which saw its value halved in barely five weeks, and the creation of an interbank market to be sufficient to win back IMF approval.

But money supply surged 35% last year and the IMF urged tougher action.

Mayor of Tehran prompts bitter debate over taxes

By Roger Matthews, Middle East Editor

BITTER public controversy has erupted in Iran this week over the policies of the mayor of Tehran, a close associate of President Hashemi Rafsanjani who will be seeking re-election in June.

Ayatollah Abolqassem Khazali, a member of the Council of Guardians which reviews parliamentary legislation, has accused Mr Gholamhossain Karbaschi, who was appointed mayor in 1990, of behaving like a tyrant. In a speech he said the mayor should be tried and jailed for raising taxes unjustly and wasting public money.

"He charges people exorbitant sums which he uses to build water fountains and plant flowers in squares", said the ayatollah. "The nation will one day bring him to trial and jail him for 10 to 15 years."

This is not the first time Mr Karbaschi has been under fire for his efforts to improve living conditions in the capital. He is one of the few senior Iranian officials to admit having enemies, not least among the city's powerful bazaar merchants and industrialists.

Gholamhossain Karbaschi

Most of the criticism centres on his tax collection methods, ranging from levies on property development to charges on shops advertising foreign products. Merchants complain teams of assessors impose arbitrary fees.

The mayor has also sought to check the population growth of Tehran by forcing companies to relocate factories some distance from the capital. Asked during a recent interview how he achieved this when companies were reluctant to move, he responded: "We simply cut off the water and electricity."

The most visible results of Mr Karbaschi's efforts has been the improvement in traffic flows by banning private cars from the commercial area during business hours and the building of fountains and creation of green areas around the edge of Tehran.

Mr Karbaschi's success in riding out earlier criticism appears to have owed much to the political support of Mr Rafsanjani who is almost certain to be re-elected as president by a massive majority.

But with inflation rising and a shortage of hard currency resulting from a heavy programme of imports in the past two years, opponents of the government's economic reform programme will step up their attacks during the election campaign.

Nakajima acts on WHO row

By Frances Williams in Geneva

DR Hiroshi Nakajima, director-general of the World Health Organisation, has transferred a fellow Japanese from a key management post after a special audit showed WHO *funds* had been misused.

The move, which comes just two weeks before WHO's 183 members vote on whether to confirm Dr Nakajima's appointment for a second five-year term, is clearly designed to defuse the simmering row over the circumstances surrounding Dr Nakajima's *renomination last January*.

The special audit, carried out by Sir John Bourn, Britain's auditor-general found financial irregularities in five contracts approved by Dr Yugi Kawaguchi, who was director of planning in the UN agency. WHO denied his transfer to the new post of head of inter-agency *affairs, was a demotion or a* punishment.

ANC plays down national protest prospects

By Patti Waldmeir in Johannesburg

THE African National Congress yesterday played down expectations of big national protest actions following the funeral of slain black leader Mr Chris Hani, but said regional rallies and sit-ins would take place to try to force the pace of constitutional negotiations.

Mr Cyril Ramaphosa, the ANC's chief negotiator in the multi-party constitutional forum, held out hopes for early progress in the talks. He said he believed the forum could agree on a date for mul*ti-racial* elections, an interim constitution, and the installation of a Transitional Executive Council (an advisory body to oversee the ruling National party government) before the middle of June.

"*Most* of what we have to deal with has already been on the table for quite some time," he said, and fellow negotiator Mr Joe Slovo noted that the election dates proposed by the government and the ANC were separated by only six months. "After 350 years, these six months are not going to be a stumbling block between any of the parties," he said.

However the ANC's optimism looked unrealistic in light of comments yesterday from Chief Mangosuthu Buthelezi, the leader of the Inkatha Freedom party, who called the ANC's campaign of mass protest action "ridiculous" and said it was a setback for negotiations. The ANC "cannot ram their demands down the throats of the other parties."

Mr Slovo made clear that Inkatha would not be allowed to impede progress at the talks. "If there are any parties that want to stand in the way they should not be allowed to hold the process to ransom," he said, an obvious reference to Inkatha.

● A senior British policeman, Commander George Churchill-Coleman of the London Metropolitan Police, is to assist in the investigation of the Hani murder. Cmdr Churchill-Coleman is a former head of Britain's anti-terrorist squad. See feature

NEWS IN BRIEF

Bank Negara chief defends forex loss

BANK NEGARA, Malaysia's central bank, has defended itself against criticism that it has gambled on foreign exchange markets with resulting massive losses in its special reserves, writes Kieran Cooke in Kuala Lumpur.

In its annual report for last year, the bank said it had suffered a M$2.7bn (£686m) contingent liability on forward foreign exchange transactions. A special reserve and contingency funds had plunged from more than M$10bn at the end of 1991 to M$753m a year later.

Mr Jaffar Hussein, Bank Negara's governor, said a stronger Malaysian dollar, containing inflation and sharp value changes in reserve currencies had been mainly responsible for the fall in the special reserves. He added that most of the losses were book losses only.

Mr Anwar Ibrahim, Malaysia's finance minister, had called on Bank Negara to provide some answers about the state of its accounts.

S Korea looks to US and China

South Korea will rely *on the US and China to solve the North* Korean nuclear weapons issue instead of holding direct contacts with Pyongyang, officials in Seoul said yesterday, writes John Burton in Seoul.

The Seoul government believes that the US will propose a high-level meeting with North Korea in mid-May after the UN Security Council issues a resolution condemning Pyongyang's *withdrawal from the nuclear non-proliferation* treaty which formally takes effect on June 12. Mr Han Sung-joo, South Korean foreign minister, is expected to hold talks today in Bangkok with Mr Qian Qichen, his Chinese counterpart, on Beijing's help in arranging the proposed US-North Korean meeting.

NZ body seeks new powers

New Zealand's new takeover panel has recommended that it be given sweeping new powers to protect shareholders, especially minority interests, writes Terry Hall in Wellington.

In a recommendation to parliament it urges that legislation be passed which includes requiring anyone who acquires 20 per cent of the voting rights of a company to make an offer for the rest of the shares *at the same price*. At present, companies or individuals are able to buy shares in a target company at different prices till they gain control of a majority of the shares.

Egyptian minister escapes attack

Mr Safwat el-Sherif, Egypt's minister of information, narrowly escaped an assassination attempt yesterday in which his driver and bodyguard were both wounded, writes Roger Matthews, Middle East Editor.

Gunmen with automatic weapons opened fire on the minister's car as he was leaving his home in the Cairo suburb of Heliopolis. Mr el-Sherif escaped with a cut hand in what appears to be the latest attempt by Islamic extremists to destabilise President Hosni Mubarak's government. *Mr el-Sherif*, the longest-serving minister in the cabinet, is responsible for efforts by the official media to counter the growing influence of Islamic groups.

Correction: Bangladesh survey

In the Bangladesh survey published on March 26, a photograph of prime minister Khaleda Zia was *incorrectly captioned as being of Sheikh Hasina*, who leads the opposition Awami League. We apologise for the error.

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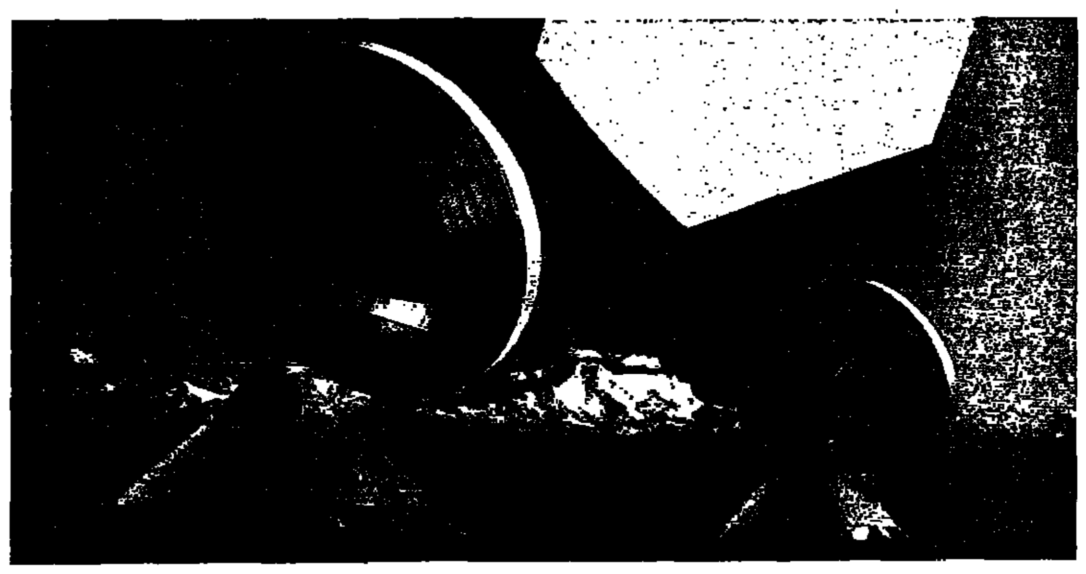

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NEWS: WORLD TRADE

Tarmac in Brunei order

By Andrew Taylor, Construction Correspondent

A UK-US JOINT venture, involving Tarmac, Britain's biggest construction and building materials group, is part of a consortium which has won an £85m ($128m) order to build a 100 megawatt gas turbine power station in Brunei.

Tarmac and Black & Veatch, the US power plant engineers, and General Electric of the US, which will supply turbines, are to build the new power station in Bandar Seri Begawan the Brunei capital. It will be close to the existing Gadong power station.

Tarmac and Black & Veatch, two years ago formed TBV Power to bid for power station work. The Brunei deal takes the value of orders won by the joint venture to almost £360m. Mr Brian Staples, chief executive of Tarmac Construction said the contract could pave the way for other orders in the important south east Asian market.

Construction in Brunei is due to start almost immediately and is expected to be completed by spring 1995.

Turkmenistan investment opportunities

TURKISH businessmen, planning investments of more than $800m in Turkmenistan, have said the republic offered vast opportunities to foreign investors, Reuter reports from Ankara.

Mr Cengiz Demirtas, marketing manager at Ortas, a trading company, said: "Its population is only 4m, but it can earn at least $5bn from natural gas sales alone, so per capita income may jump sharply."

Turkmenistan's deputy president Nazar Suyunov said foreign investors could take profits freely out of the country.

The Anatolian news agency said 12 Turkish companies planned to invest $830m in Turkmenistan, rich in natural gas, oil, cotton and livestock.

EC pessimistic about Japan's trade surplus

By Michiyo Nakamoto in Tokyo

THE EC Commission yesterday expressed doubts about the impact of Japan's economic stimulus package in correcting its huge trade surplus with the west.

It also said that the EC would keep a close eye on the public procurement programme of the package to ensure that European companies get their fair share of orders.

Mr Horst Krenzler, director general for external economic relations at the Commission said it was "doubtful" whether Japan's Y13,200bn (£76.7bn) economic package would increase imports substantially as it did not call for tax cuts and was therefore unlikely to stimulate consumption.

Mr Krenzler's remarks come at the end of a two-day high-level meeting with Japanese officials on the EC's $31.2bn trade deficit with Japan

His comments reflect the growing frustration within the EC about Japan's seemingly intractable trade surplus as well as a more concerted effort on the part of the EC to try to get Japan to open its markets further to European products.

The two sides had agreed to monitor the impact of the package on imports and the EC would pay particular attention to whether Japanese public procurement was fair and transparent.

In addition, the EC expects the joint exercise with Japan to analyse the causes behind the trade imbalance – which it calls the Trade Assessment Mechanism – to show substantial progress by the time of the summit in July between Mr Jacques Delors, Commission president and Japanese Prime Minister Kiichi Miyazawa.

The exercise, agreed between the two sides in January, aims to compare the performance of specific EC products in the Japanese market with their performance elsewhere and with that of other competitors.

The summit will be "an important political deadline," when discussions will move on to policy measures designed to remedy the situation, Mr Krenzler said.

On specific issues Mr Krenzler said that if progress is not made in harmonising Japan's discriminatory liquor taxes the EC would apply to Gatt for a solution. Japan reformed its liquor taxes in 1979, in line with Gatt recommendations, but has kept taxes on certain imported liquor much higher than those on comparable domestic liquors.

The EC is also unhappy with the Japanese offer regarding the Gatt talks, which Mr Krenzler said was "totally insufficient".

Cuba makes progress in regional trading links

By Canute James in Kingston

THE Cuban government's attempts to broaden trade links with its neighbours in Latin America and the Caribbean have been given a fillip by a series of joint venture agreements with several privately-owned Brazilian companies, following a visit to the island by Brazilian businessmen.

The agreements coincided with a decision by the heads of government of the Caribbean Community (Caricom) to establish a joint commission with Cuba to improve trade and other relations with the island, following statements by some Caribbean leaders that it was time the US ended its 30-year trade embargo on Cuba.

The Brazilian businessmen ended five days of talks in Havana with agreements in principle on 10 ventures which will be further studied by both parties. The island's struggling nickel industry, troubled by inefficient plants and insufficient fuel, is of particular interest to the Brazilians, who want to buy the product from Cuba.

The agreements also cover Brazilian-funded citrus plants in Cuba, production of sugar cane harvesters in Brazil, and the creation of a shipping line to operate between the two countries.

The decision of the Caricom heads of government to establish the joint commission with Cuba follows the island's application for the status of an observer to the 13-nation community.

Several of Cuba's Caribbean neighbours have been upset by the implementation of legislation six months ago by the US to prevent foreign subsidiaries of US companies from trading with Cuba and penalising shipping companies calling at Cuban ports.

Dame Eugenia Charles, the prime minister of Dominica, and traditionally among the more conservative of the region's leaders, has argued in favour of an end to the trade embargo.

Privately-owned Dominica Coconut Products has become a leading exporter to Cuba, and is planning the construction of a processing plant in Cuba.

Cuba's attempts to develop economic ties with its neighbours have also benefited from the island's admission to the Caribbean Tourism Organisation after three years of trying.

There is, however, likely to be US objection to Cuba's growing trade links with Brazil and those it is developing with its neighbours in the Caribbean archipelago. The island gained entry to the regional tourism body over the objections of two members, Puerto Rico and the United States Virgin Islands, both US possessions.

Caricom countries have been warned against closer ties with Cuba by Ms Sally Cowal, US ambassador to Trinidad and Tobago.

UK ferry group defies Spain

By Tom Burns in Madrid

CENARGO, the UK marine group, said yesterday it would defy the Spanish authorities and launch a ferry service next week between the Moroccan port of Nador and Almeria in south-east Spain.

The decision brings to a head a dispute between Spain's merchant marine authorities and Cenargo that tests the European Community's single market deregulation of cabotage between Community members and third nations.

The issue has been complicated by Madrid's fears that a Nador-Almeria link will undermine the economy of Melilla, a Spanish-controlled enclave in Morocco close to Nador, which has so far monopolised sea communications between Morocco's eastern Mediterranean region and mainland Spain.

The ferry service between Melilla and Spain that Madrid wants to protect is run by Transmediterránea, a state-owned shipping line in the process of being sold to Banco Central Hispano, BCH, one of Spain's leading banks.

Mr Michael Hendry, Cenargo's chairman, said he intended to start a regular daily ferry service between the Moroccan and the Spanish ports on April 26 "despite the continued opposition of the Spanish authorities". Mr Hendry said his Pta1.5bn (£8.4m) investment had the backing of the British government and was in accordance with the EC's Single Market directives.

A spokesman for the merchant marine secretariat in Madrid said that should the Cenargo ferry, Scirocco, owned by the group's UK registered subsidiary Ferrimaroc, sail to Almeria from Nador next week it would either be prevented from entering the Spanish port or arrested on arrival.

The Madrid authorities are claiming that they have yet to amend a 1979 agreement signed with the Rabat government that shares out ferry services between Spain and Morocco between the countries.

Mexico reaps benefits of trade liberalisation

Frances Williams on a Gatt report which finds much to praise but sees some dangers in Nafta

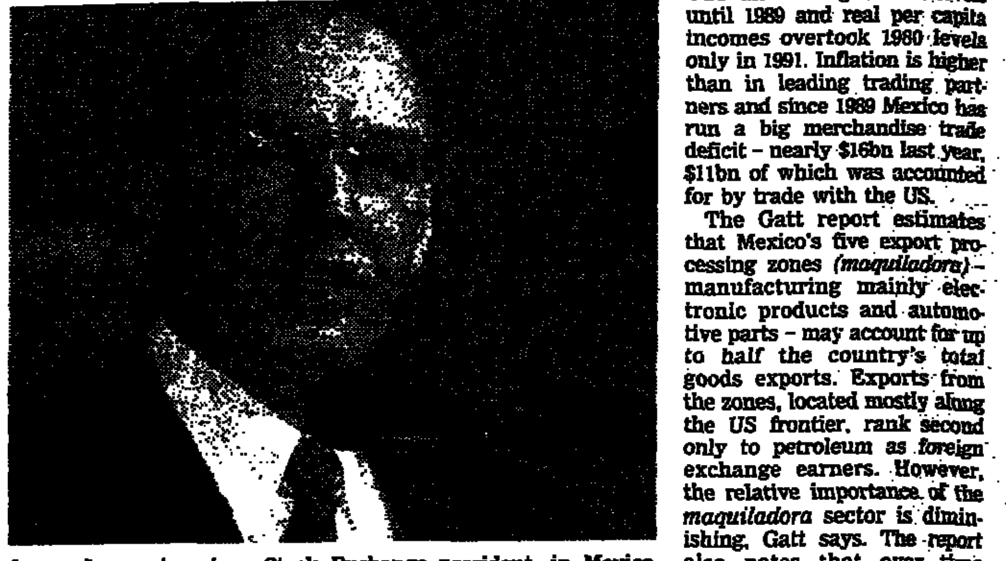
MEXICO's trade policies have won a generally glowing testimonial from the General Agreement on Tariffs and Trade. In a report published yesterday which stresses the worth of open trade in promoting economic development and social welfare, Gatt says Mexico is already benefiting from economic and trade liberalisation combined with tough fiscal discipline.

Gatt economists expect the still-to-be-ratified North American Free Trade Agreement with the US and Canada, due to come into force next year, to give the Mexican economy a further boost. However, they warn that Nafta may lead to some diversion of trade and increase Mexico's vulnerability to economic fluctuations in the US, which already accounts for more than two-thirds of exports and imports.

The report documents the transformation of the economy since the debt crisis erupted in 1982. The structural adjustment programme started in 1983 and accelerated since 1989 has turned Mexico from an inward-looking state-dominated economy to "a largely open economy driven by private sector initiative".

Tariffs have been halved from 27 per cent in 1982 to 13 per cent today. Only 2 per cent of imports are covered by import licensing, down from 100 per cent. Dependence on oil exports has fallen from 67 to 32 per cent of total merchandise exports, while manufactures – notably vehicles, machinery and chemicals – now account for 59 per cent.

Mexico is by far the leading exporter and importer in Latin America, the report says. Foreign trade now enables Mexico to import goods and services needed for development and to finance its $75bn (£49.6bn) foreign debt.



James Jones, American Stock Exchange president, in Mexico City, where he praised Mexico's economic reforms

The structural adjustment programme has already borne fruit in a resumption of economic growth, rising incomes and lower inflation, Gatt says. "The performance of the Mexican economy in the last five years demonstrates how the liberalisation of international trade and investment regimes and a comprehensive macro-adjustment programme can be mutually supportive."

Growth has averaged 3.5 per cent over the past four years and inward investment is now running at record levels. Inflation has been brought below 12 per cent in 1992 from an average 86 per cent in 1981-88, while state finances have swung from large deficit in the early 1980s to a surplus of over 3 per cent in 1992.

Meanwhile, Mexico's privatisation programme – "one of the most extensive in the world" – has reduced the number of state-owned enterprises from 1,239 to 221 in the past 10 years.

The transformation has not been without pain. Mexico's GDP did not regain 1981 levels until 1989 and real per capita incomes overtook 1980 levels only in 1991. Inflation is higher than in leading trading partners and since 1989 Mexico has run a big merchandise trade deficit – nearly $16bn last year, $11bn of which was accounted for by trade with the US.

The Gatt report estimates that Mexico's five export processing zones (maquiladora) – manufacturing mainly electronic products and automotive parts – may account for up to half the country's total goods exports. Exports from the zones, located mostly along the US frontier, rank second only to petroleum as foreign exchange earners. However, the relative importance of the maquiladora sector is diminishing, Gatt says. The report also notes that over time maquiladora industry has moved from cheap labour-based assembly to more skilled-based activities with higher value added.

The report is critical of some aspects of Mexico's trade policies. It says tariff escalation – higher tariffs as the degree of processing of imports increases – is common. Effective tariff protection continues to be higher than average in cars, computers, iron and steel, metal manufactures, basic chemicals and electrical machinery. In particular, Gatt attacks protection for the motor vehicle industry as "incompatible" with Mexico's trade liberalisation policy.

NEWS: THE AMERICAS

Subscriber list ruled depreciable asset

By George Graham in Washington

THE US Supreme Court has ruled that a newspaper's list of subscribers may be treated as a depreciable intangible asset, in a decision that could cost the federal government billions of dollars in tax revenues.

In a 5:4 decision announced yesterday, the court ruled that the Newark Morning Ledger, a New Jersey newspaper, could depreciate the $67m attributed to subscriber lists in the $314m it paid to buy another newspaper, and thus claim tax deductions.

The US Internal Revenue Service had argued that the subscriber lists were part of the company's goodwill, with no easy valuation, and could not be depreciated for tax purposes under federal law.

However, Justice Harry Blackmun, writing the Supreme Court's majority opinion, said that the Morning Ledger had successfully argued that paid subscribers constituted "an intangible asset with an ascertainable value and a limited useful life, the duration of which can be ascertained with reasonable accuracy."

The case has potential repercussions for other acquisitions, especially in the financial services sector, where insurance companies and banks have argued with the IRS over whether lists of customers were a depreciable asset.

About $10.5bn of such assets are estimated to be in dispute at the moment.

The Morning Ledger had won its original suit in a lower federal court, but that ruling was overturned last year by an appeals court in Philadelphia, which took the view that subscribers could stop buying newspapers at any time, and so the value of the subscribers' list was uncertain.

Federal courts in other parts of the country, however, had produced conflicting rulings, making it important for the Supreme Court to lay down a uniform standard.

Brazilian voters expected to opt for presidents and reject kings

Maluf (above) and Lula

By Bill Hinchberger in São Paulo

BRAZILIAN voters are expected to reaffirm the country's presidential system of government in a binding plebiscite today. The result should signal the unofficial start of the 1994 presidential campaign, making President Itamar Franco "a premature lame duck", in the words of one political analyst.

Opinion polls have shown that 55-60 per cent of voters favour keeping a presidential system, while less than 30 per cent appear to prefer parliamentary rule. Voters will also be asked to choose between a republic and a monarchy. Polls show the republican option likely to take more than 60 per cent of the vote.

Voters are showing little enthusiasm for the plebiscite. The Ibope polling firm reported 52 per cent not understanding why they are being asked to vote, and that 65 per cent would prefer not to. A study by the electoral court predicted up to 15 per cent abstentions (10 per cent being usual), although voting is mandatory for Brazil's 90m electors.

The plebiscite is required by the 1988 constitution. Pro-parliamentary and pro-monarchy legislators sought it after the assembly re-writing the constitution voted for a presidential republic. The plebiscite was moved forward from September because pro-parliamentary legislators successfully argued that a later vote would be coloured by the 1994 presidential race.

Brazilians are more concerned with the country's dismal economic outlook and its social problems. Inflation is at 27 per cent a month and unemployment in March grew to 15.8 per cent in greater São Paulo, the country's industrial hub, according to Dieese, a labour-supported think-tank.

Attacks on the Franco administration by potential presidential candidates are expected to increase after the plebiscite.

Polls show front-runners for the presidency, to be contested in late-1994, to be Mr Luis Inácio Lula da Silva, the left-winger who was runner-up to Mr Fernando Collor, Mr Franco's disgraced predecessor, in 1989, and Mr Paulo Maluf, the conservative mayor of São Paulo city. A strong centrist candidate, perhaps from the pro-parliamentary coalition, is likely to emerge.

"The campaign has already begun," said Mr Eduardo Graeff, a political scientist at the Institute of Social Research in São Paulo.

The presidential campaign will influence the overall revision of the constitution, due to begin in October as mandated by the charter itself.

The revision will determine important issues of foreign investment rules and privatisation of the telecommunications and petroleum sectors, and tackle such inhibitors of fiscal stability as public employee job stability and federal revenue-sharing with states and cities.

Some politicians hope to postpone the revision until after the new president has taken office in 1995, but most analysts expect Congress to begin the revision on schedule.

Change of strategy sought on reform in Haiti

By Canute James in Kingston

THE United Nations General Assembly yesterday authorised UN participation in an international civilian mission to Haiti, to monitor respect for human rights and help foster conditions for the re-establishment of democracy, Reuter reports from the UN in New York.

The resolution was adopted by consensus.

The international mission, when fully deployed, will comprise some 260 observers based throughout the Caribbean nation, with the UN and the Organisation of American States equally represented.

THE US and international organisations seeking to restore constitutional government in Haiti are reconsidering their strategy so as to force Haiti's military leaders to step down and allow the exiled president to return.

The re-think – by the United Nations, the Organisation of American States and the US – follows the rejection by the Haitian army leaders of proposals that they accept an amnesty, leave office, and permit the reinstatement of President Jean-Bertrand Aristide.

The president, a Catholic priest, was overthrown in a coup 19 months ago.

Diplomats in Washington and in several of Haiti's Caribbean neighbours have decided that the UN's options are limited, but that the first move will be discussions with the European Community aimed to tighten economic sanctions against Haiti.

The sanctions, imposed just after the coup, have been sieve-like.

There is also likely to be increased pressure on the Dominican Republic, which shares the island of Hispaniola with Haiti, to end cross-border trade, much of it controlled by the Dominican military and providing a supply line for the Haitian military and the rich élite which supports it.

General Raoul Cédras, leader of Haiti's army and de facto ruler of country's 7m people, had suggested that he was willing to accept UN proposals by which he and other senior officers would step down and receivee an amnesty, clearing the way for Father Aristide. But Mr Dante Caputo, a UN envoy seeking a resolution of the crisis, has reported a hardening of position by the army leaders. "We made proposals for a definitive solution to the political crisis," Mr Caputo said. "Unfortunately we have not received a positive reply."

Mr Warren Christopher, US secretary of state, said the leaders of the Haitian military had indicated that they understood the "importance" of a prompt return of constitutional government and the return of Father Aristide.

"It is time for the military leaders of Haiti to indicate firm agreement on the key points of a settlement of the political crisis," he said.

Greyhound ends bus dispute with union

By Nikki Tait in New York

GREYHOUND Lines yesterday finally made peace with the Amalgamated Transit Union, three years after a bloody and bitter strike by the union against the US bus company began.

The ATU, which in 1990 represented about 8,500 drivers, clerks and mechanics at Greyhound, signed a tentative six-year pact with Greyhound.

Under this agreement, Greyhound would pay $22m (£14.5m) in back pay to striking workers and recall a minimum of 550 strikers.

The deal must still be ratified by union members, the National Labor Relations Board, and the bankruptcy court which oversaw Greyhound's Chapter 11 reorganisation.

During the bankruptcy reorganisation, Greyhound set aside a pool of assets to meet the potential back-pay liability. The pool has recently been reported to be worth about $24m.

Greyhound was subject to a leveraged buy-out in 1987 and although management was able to secure substantial wage concessions at this stage, its subsequent efforts to negotiate a new contract with ATU members proved fruitless.

The strike which followed was particularly bruising, even in the context of US labour battles, and Greyhound filed for bankruptcy shortly after it began.

It also recruited non-union drivers, and claimed to be running almost 90 per cent of its pre-strike service within weeks.

Since then, the company has reorganised its operations and capital structure, emerged from bankruptcy and floated its shares on the stock market.

The settlement, however, may help restore the group's image with the public. The timing may also be advantageous, since the company usually adds drivers in the summer season.

Clinton supports Reno over Waco siege tragedy

By George Graham in Washington

PRESIDENT Bill Clinton yesterday reaffirmed his confidence in Attorney General Janet Reno, and said he had no intention of asking her to resign as a consequence of the tragic ending to the siege of a religious cult in Waco, Texas.

A White House spokeswoman said Mr Clinton stood "four-square behind the attorney general on this," and accepted full responsibility for the events, in which around 80 cult members died in flames after the Federal Bureau of Investigation started to pour tear gas into the buildings in which they were besieged.

"I think everybody feels bad when life is lost, but I don't think that is a reason to second-guess the decision," said Ms Dee Dee Myers, the White House press secretary.

The possibility that the disastrous end to the Waco siege might prove politically damaging to Mr Clinton or to Ms Reno appears to have occurred more to television interviewers in search of an intelligent question to ask than to politicians or the general public.

While members of Congress say they are likely to hold hearings on the incident, congressional aides say they have so far received little reaction from voters.

Senator Joseph Biden, chairman of the Senate judiciary committee, dismissed the suggestion that Ms Reno should resign.

"God, I hope somebody like her sticks around a long time in government. This is a woman who makes hard decisions and takes responsibility for the decisions," he said in a television interview yesterday morning.

The Waco siege may, however, provide new impetus for efforts to pass tougher gun control laws. Mr Clinton has already said that if Congress passes a bill imposing a waiting period to allow background checks before anyone may buy a gun, he would sign it.

AP adds from Waco: The FBI yesterday denied responsibility for the Waco deaths and said their leader, David Koresh, deliberately had his followers start a fire that killed them. "I don't agree that they died because of the government's actions," said Mr Jeff Jamar, the FBI agent in charge of the standoff since it began. . . .

US housing starts fell by 4.6% last month

By Michael Prowse in Washington

SEVERE winter storms on the east coast contributed to a 4.6 per cent fall in US housing starts in March, the commerce department said yesterday.

The decline followed a small increase in February and an even sharper drop in January. Starts are now running at their lowest level since last July and 14 per cent below the level registered in March last year.

The figures, however, were distorted by bad weather: starts fell 26.8 per cent in the northeast, the region most affected by storms, by 13.9 per cent in the Midwest and by 5 per cent in the south.

Starts rose 17.9 per cent in the west.

Even allowing for bad weather, analysts are puzzled by the weakness of starts, given that fixed-rate mortgage rates have fallen to about 7.5 per cent, the lowest level in two decades.

Most are predicting a strong recovery in housing in the spring and summer.

The disappointing figures for starts are the latest in a series of economic reports – including a sharp drop in retail sales last month and flat industrial production – that appear to indicate a recent slowing of the pace of economic recovery.

Government debt grows by record £9.5bn

By Emma Tucker, Economics Staff

THE GOVERNMENT ended a grim financial year by borrowing £9.5bn last month, the highest monthly borrowing requirement on record.

The figure took the full 1992-93 fiscal deficit to £36.5bn, dwarfing the previous year's £13.8bn public sector borrowing requirement. This represents a significant turnaround from only two years ago when the government's finances were in small surplus.

The sharp rise in borrowing was partly due to the heavy cost of recession, but the latest figure will fuel fears that the public sector deficit is structural and will not decline significantly with recovery.

The high level of borrowing is likely to increase pressure on the government to cut public spending in negotiations between the Treasury and spending departments to fix expenditure totals for the 1994-95 financial year.

The news prompted surprise in the City which had been expecting a PSBR of £8bn, in line with the latest government forecast. In the budget last month Mr Lamont reduced his forecast for public sector borrowing in the latest financial year to £35.1bn from £37bn forecast in the autumn economic statement.

Excluding privatisation proceeds, the PSBR was £10.9bn compared with £6.48bn in the same month last year.

The Treasury shrugged off criticism of its forecasting record. Mr Stephen Dorrell, financial secretary to the Treasury, said there was nothing in the figures which would lead him to revise substantially the borrowing projections made for the financial year just starting. The latest official forecasts predict a PSBR of £50.1bn in this financial year, about 8 per cent of national output.

Although the March PSBR is usually the highest figure of the year, last month's deficit was £3bn higher than the previous record of £6.4bn in the same month last year.

The large shortfall mainly reflected a sharp jump in spending by central government departments. Net departmental outlays were £23.3bn last month, 30 per cent higher than in March last year, when they were £17.9bn.

The government bond market reacted badly to the news, although gilt prices at the long end recovered later on to close just ⅛ of a point lower.

Lex, Page 24
Gilts, Page 30

Labour scrambles to keep up pressure on Maastricht

BRITAIN'S Labour opposition was last night scrambling to sustain its hopes of forcing the government to embrace Maastricht's social chapter after a motion censuring Mr Michael Morris, the deputy speaker, over his handling of the bill on closer European integration was accepted for early debate, writes David Owen.

Although yesterday's censure motion was triggered by MPs' disgruntlement at Mr Morris's decision not to allow a vote on the amendment widely thought to have the best chance of cornering the government on the social chapter, Labour has been forced on the defensive by predictions it might actually lessen the chances of such a vote.

This is on the basis that if the motion was heavily defeated, it would suggest MPs were content with Mr Morris's ruling.

MPs are also due to debate a referendum on Maastricht today after the motion of censure has been considered.

UK will only send more troops under Nato command, with US and Russian support

Major tries to calm Tory fears on Bosnia

By Ralph Atkins

MR JOHN Major sought yesterday to calm fears in the ruling Conservative party about UK troops being sucked into a prolonged conflict in Bosnia by setting firm parameters for British troops' involvement in military combat.

The prime minister said the "only circumstance" in which he could foresee Britain becoming part of a military operation was under Nato command, with US participation and backed by a new United Nations resolution with Russian support.

Mr Major said the government was considering proposals such as air strikes or the sending of ground troops but ministers did not believe they were yet appropriate.

An escalation of outside military involvement was not yet the policy of any major United Nations government, he said.

Downing Street said Cabinet ministers kept policy on Bosnia under constant review but officials rebuffed suggestions that Britain would necessarily fall into line if US President Bill Clinton backed air strikes.

Opposition Labour MPs will today debate policy on Bosnia amid evidence of growing pressure on their leadership to demand a more aggressive stance by the government. Some left wing MPs want more troops sent in.

In the Commons, Mr Major faced fresh calls from Mr John Smith, Labour leader, for the Serbs to be given an ultimatum, backed by the threat of air strikes against their supply and command lines in Bosnia.

Mr Major said such moves were being "seriously considered". But he added: "The road to further action, particularly if that road leads to military action. . . is a road that is fraught with perils." He feared Britain humanitarian air efforts would have to stop if military strikes began.

Mr Smith said he appreciated the risks, but they had to be set against, "the possibly greater risks of non-action".

Mr Paddy Ashdown, leader of the Liberal Democrats, urged Britain to back the UN High Commission for Refugees' proposals for "safe havens". Earlier, Mr Malcolm Rifkind, defence secretary, said the government had "extreme reservations about the use of military power in the combat role".

State aid urged for aerospace

By Philip Stephens, Political Editor

LEADING aerospace and defence equipment manufacturers have warned MPs that Britain will be squeezed out of international markets unless the government provides adequate resources for technological research and development.

GEC-Marconi and Dowty, two of the leading companies in the sector, told the cross-party Commons trade and industry committee that the British government's support for the sector still lags well behind that of European companies.

Their stance will increase the prospect that the committee will endorse a report from the DTI's Aviation committee, for Britain to develop a "National Strategic Technology Acquisition Plan" (NSTAP).

The committee, which is conducting an investigation into the long-term future of British aerospace companies, will hear evidence from executives of the two companies later today.

But in a written submission to the MPs GEC-Marconi suggests Britain is at risk of losing the technological lead it enjoys in several areas of electronics. It says a dialogue between government and industry is needed to clearly identify the "core technologies" which are vital to defence and Britain's overall economic well-being.

Half the companies in receivership survive

By Andrew Jack

NEARLY HALF of all companies entering receivership emerge as viable businesses, a survey by the Society of Practitioners of Insolvency shows.

More than two-fifths of employees whose companies enter insolvency proceedings retain their jobs, providing evidence that the practitioners can help save businesses.

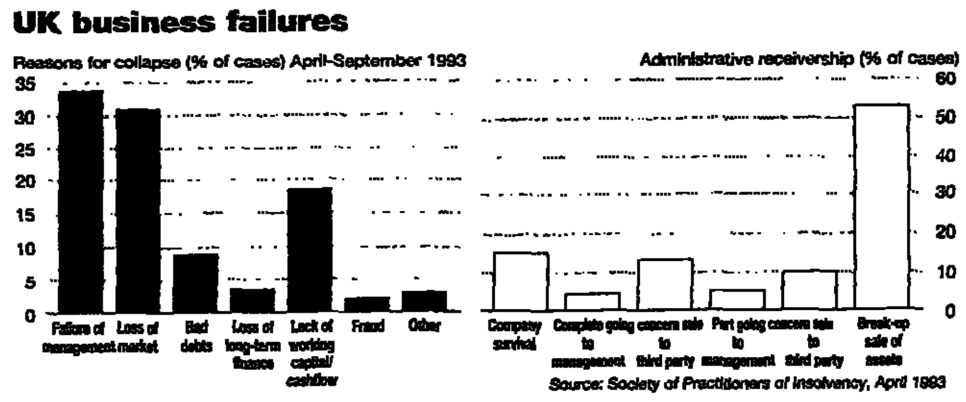
The survey, released yesterday, covered 1,686 corporate insolvencies handled from April to September last year by 168 practitioners who are members of the society, the leading trade body.

"We are corporate surgeons and not undertakers," said Mr Mark Homan, president of the society and head of corporate reconstruction at accountants Price Waterhouse.

The survey showed that of all companies entering receivership, 53 per cent ended up with a break-up sale of assets. The figure was 33 per cent for companies in administration and 19 per cent for those in company voluntary arrangements. The balance of companies was divided between full survival and full or partial sale as a going concern to management or third parties.

Most insolvencies affected smaller companies, with 81 per cent accounted for by those with between one and 14 employees. Just 4 per cent affected companies with more than 50 employees.

For companies with more than 400 employees, 93 per cent of jobs were saved following insolvency procedures, compared with 17 per cent of jobs for companies with one to 14 employees. More than one third of company collapses were the result of management failures and a further 31 per cent were the result of the loss of markets.



Norwegian power link to UK studied

A CONSORTIUM of European power and engineering companies are studying a new undersea link between Britain and Scandinavia which would allow Norway to export cheap hydro-electric supplies.

National Grid, the privatised UK electricity distributor, is taking part in the study scheme along with Eastern Electric, the largest of the 12 regional electricity companies in England and Wales.

Kvaerner A/S, one of Scandinavia's largest industrial groups and a leading member of the consortium, said the 456-mile link between Lista, in Norway and Walpole, eastern England, could cost £380m.

Other partners in the study include Asea Brown Boveri, the Swedish-Swiss power engineering group; Siemens of Germany; and Alcatel Cable of France.

National Grid said that it joined the study-team following an invitation from the Norwegian-led consortium. But it warned that it would be several months before initial studies are completed.

The proposed link, which could be operational by the late 1990s, would have just under half the capacity of the existing cross-Channel Anglo-French electricity interconnector.

Although a National Grid spokesman said that the planned cable "would have a capacity for a two-way flow", Norwegian power officials regard its main importance as an export line.

National Grid said a decision on whether to proceed with a full-scale feasibility appraisal will be taken "once we have fully assessed the present study". The threat of future supplies of Norwegian hydro-power will put further pressure on domestic deep-mined coal as a viable means of electricity generation.

N Ireland secretary to visit US next month

By Ralph Atkins

SIR PATRICK Mayhew, Northern Ireland secretary, is to visit the US early next month in an attempt to win backing for British policy on the province.

His trip comes amid continuing government anxiety over how US policy on Northern Ireland will develop under President Bill Clinton.

Sir Patrick will concentrate on explaining Britain's "neutral" role in the province but also its commitment to keeping the province part of the UK while that is backed by a majority of its population.

Visits to the US by Northern Ireland Office ministers in recent years have tended to concentrate more on promoting investment in the province. Sir Patrick hopes to restart political talks, involving Unionists, nationalists, the British and Irish government after the local elections in the province on May 19. He is opposed to sending a US "peace envoy" as mooted by President Clinton but would accept a delegation with a less specific role.

As the government steps up efforts to bring the participants back to negotiations, Mr John Major yesterday met Mr James Molyneaux, leader of the Ulster Unionist party.

Mr Molyneaux raised proposals set out in his Blueprint for Stability on Northern Ireland – an agenda that accepts the case for a new assembly in the province but says that, in its absence, the government should improve local democracy.

Britain is concerned about the adoption of the so-called "MacBride principles" for company investment polices, by US state and city governments. The principles are meant to promote employment of Catholics but Britain argues existing "fair employment" laws are sufficiently tough.

There is also concern in London about the possibility of the US granting visas to leaders of Sinn Fein, the military wing of the IRA, for propaganda trips.

Court told of £97m fraud at Nissan UK

By John Mason, Law Courts Correspondent

THREE directors of Nissan UK, the former British importers for the Japanese motor manufacturers, cheated the tax authorities out of almost £97m corporation tax in a fraud of "truly massive proportions" that lasted 17 years, a London court was told yesterday.

The fraud centred around the use of false invoices to increase freight costs charged in the company's accounts and so reduce profits on which corporation tax had to be paid, Mr Peter Rook QC, prosecuting.

To conceal the fraud, an international money-laundering network was set-up involving bogus shipping agents in Holland and Norway and ending at two Swiss banks – Credit Suisse and BFG, he said.

Mr Rook was opening the prosecution of Mr Michael Hunt, assistant managing director of Nissan UK charged with four counts of conspiring to cheat the Inland Revenue and making use of false documents. Mr Hunt denies all the charges.

Mr Hunt was at the centre of the conspiracy, the court heard, along with Mr Octav Botnar, the Nissan UK chairman and chief executive, and Mr Frank Shannon, the company's former finance director. Mr Botnar was the "prime mover", but Mr Hunt, as his "number two", was party to the fraud from start to finish, Mr Rook said.

A warrant for Mr Botnar's arrest was issued last year but this could not be served since he was now in Switzerland. Earlier this year, Mr Shannon had pleaded guilty to one count of cheating the revenue of £17m corporation tax.

In 1971, Nissan UK won the British franchise to import cars manufactured by the Nissan Motor Company in Japan. From 1975 it arranged its own freight charges. The purpose of this was to enable the tax fraud to take place, Mr Rook said.

In the years that followed a total of £219m was extracted from Nissan UK by a process of fabricating invoices which increased the genuine freight charges by between 40 per cent and 60 per cent on each occasion. The sham shipping agents, who were prepared to take part in the falsification of documents, were Autocontex Holland of Rotterdam and Scansiris A.S. of Norway.

To cover their tracks, the conspirators set up an international laundering operation. During the Inland Revenue's investigations, evidence was found in Holland, Germany, Bermuda, Austria, Norway and Panama.

"The trail leads to two Swiss banks where the conspirators would divide the spoils of the fraud", Mr Rook said.

The trial continues today and is expected to last at least three months.

Sam Wanamaker, the US entrepreneur, surveys construction of the Globe theatre in south London. The project, designed to recreate Shakespeare's famous theatre, should be completed in April 1994

Cuts threaten BBC World Service

By Raymond Snoddy

THE BBC World Service fears it may have to close some of its foreign language radio services because of threatened government cuts in its funding.

The Foreign Office which funds the service has confirmed a £5m cut in budget for each of the three years from 1994 to 1997.

World Service, which broadcasts in English and 38 other languages to a regular audience of more than 1.2bn people, has also been asked to draw up contingency plans for further cuts of 2.5 per cent and 5 per cent.

A cut of £5m plus 5 per cent to the service's present £175m budget would total £13.6m and mean the loss of some services. An average language service costs about £900,000 a year to run, excluding transmission costs.

The proposed cuts would also mean at least a delay in plans for a new transmitter in Thailand to improve audibility in the Indian sub-continent and China.

More than 220 MPs from both political sides have signed a motion opposing the cuts, expressing "grave concern" at the potential damage to Britain's reputation "as the fount of accurate and unbiased news".

Businesses' computer back-up plans 'doubtful'

By Andrew Adonis

FOUR in five British businesses and public sector organisations do not have viable contingency plans for computer failures, with only a third possessing plans that are even tested, according to a survey published yesterday.

Despite the essential role which computer systems play in most of the organisations surveyed, barely half had so much as a written contingency plan to cope with computer disasters.

The findings come from a survey of 421 UK organisations conducted earlier this year by Loughborough University for International Business Machines.

Excluding users – notably in the financial and public services sectors – which are obliged by law to frame plans, only 42 per cent were found to have adopted formal plans. One in five had an untested plan, while a further 15 per cent were held to be "doubtful" since they had not recently been updated.

"With the pace of technological change, it is doubtful if any plan will remain completely viable for more than six months", say the researchers. Yet only 27 per cent of the organisations had completed plans that recently; nearly a third the plans were more than two years old.

Ironically, grouped with local authorities and research firms among the worst performers were computer services companies, only 39 per cent of which were found to have a plan, and 14 per cent a viable one.

The cost of the negligence is immense. A recent Department of Trade and Industry survey showed British business losses running at more than £1.6bn through breaches in computer security and physical damage to systems.

Britain in brief

Ships' rights of passage 'very odd'

Rules governing ships' rights of passage in foreign waters were described as "very odd" by Lord Donaldson on the first day of his inquiry into the Braer disaster.

The senior civil judge, investigating the incident in which the Liberian-registered tanker spilled 85,000 tons of crude oil after breaking up in storms off Shetland, was seeking clarification of the rights of passage of ships in another country's territorial waters.

He was told by Foreign Office international law experts that ships do not necessarily have to tell the sovereign state when they are passing through. Lord Donaldson said: "The idea that you can go through territorial waters without saying who you are or what you are does seem to me to be very odd."

He asked if the British government would have the right, for example, to send a warship through French territorial waters. When told that the government could do this, Lord Donaldson replied: "I would have thought a destroyer dredging along one mile of the French coast might cause some excitement."

The inquiry will last at least until the end of July.

Profit related pay plans grow

More than 1m people are covered by profit-related pay schemes, Mr Norman Lamont, chancellor, announced.

One in five of the labour force was covered by at least one of the schemes which have picked up substantially since the chancellor increased tax benefits in 1991.

The number of employees covered by schemes rose 20 per cent in the first quarter of 1993 to 1,167,400 and the number of schemes rose 11 per cent to 4,615.

Bond-backed fraud spreads

Scotland Yard's fraud squad is warning businesses about the activities of confidence tricksters who promise to arrange large loans but disappear with the advance fees.

The latest twist in a long line of cheap-loan frauds involves bogus forms purporting to show that US Treasury bearer bonds are available as security for loans which will never be advanced.

Conciliation service plea

Acas, the industrial conciliation service, has accused the government of threatening the service's independence by introducing powers that could force it to charge users for its activities.

Employment law proposals mean the employment secretary would have powers to make Acas charge for the arbitration and conciliation services it provides for employers and employees.

The move came out of a recent review into how the service could save money.

The annual budget of £19m is under strain and for the second successive year Acas has recorded a record number of cases, with inquiries rising to almost half a million.

A number of Routemasters, the long-serving buses which form the mainstay of London's double-decker fleet, are getting a facelift. Kentish bus, the independent operator, has shed the traditional all-red livery and repainted 24 buses in maroon and cream

Warning over housing policy

Government rules on financing affordable homes for rent are in danger of turning housing association estates into unpopular, high-crime neighbourhoods, according to the Joseph Rowntree Foundation.

In a report published today, the social research organisation warns that government policies are forcing housing associations to create a new generation of large estates with heavy concentrations of homeless people and disadvantaged families.

Oki invests £7m in Scots plant

Oki, the Japanese-owned electronics manufacturer, is to invest £7m expanding its plant at Cumbernauld near Glasgow in Scotland. It designs and manufactures electronic engine controls for installation in Honda cars made at the company's new car plant at Swindon. It will also supply Rover.

Electricians rejoin TUC

Members of Britain's second largest union, the Amalgamated Engineering and Electrical Union, have voted overwhelmingly to support their union's membership of the Trades Union Congress, five years after the TUC expelled the EETPU electricians union for defying its rules.

David Thomas memorial prize

The 1993 David Thomas Prize was presented to Mr Nicholas Clegg at a ceremony at the Financial Times London headquarters last night.

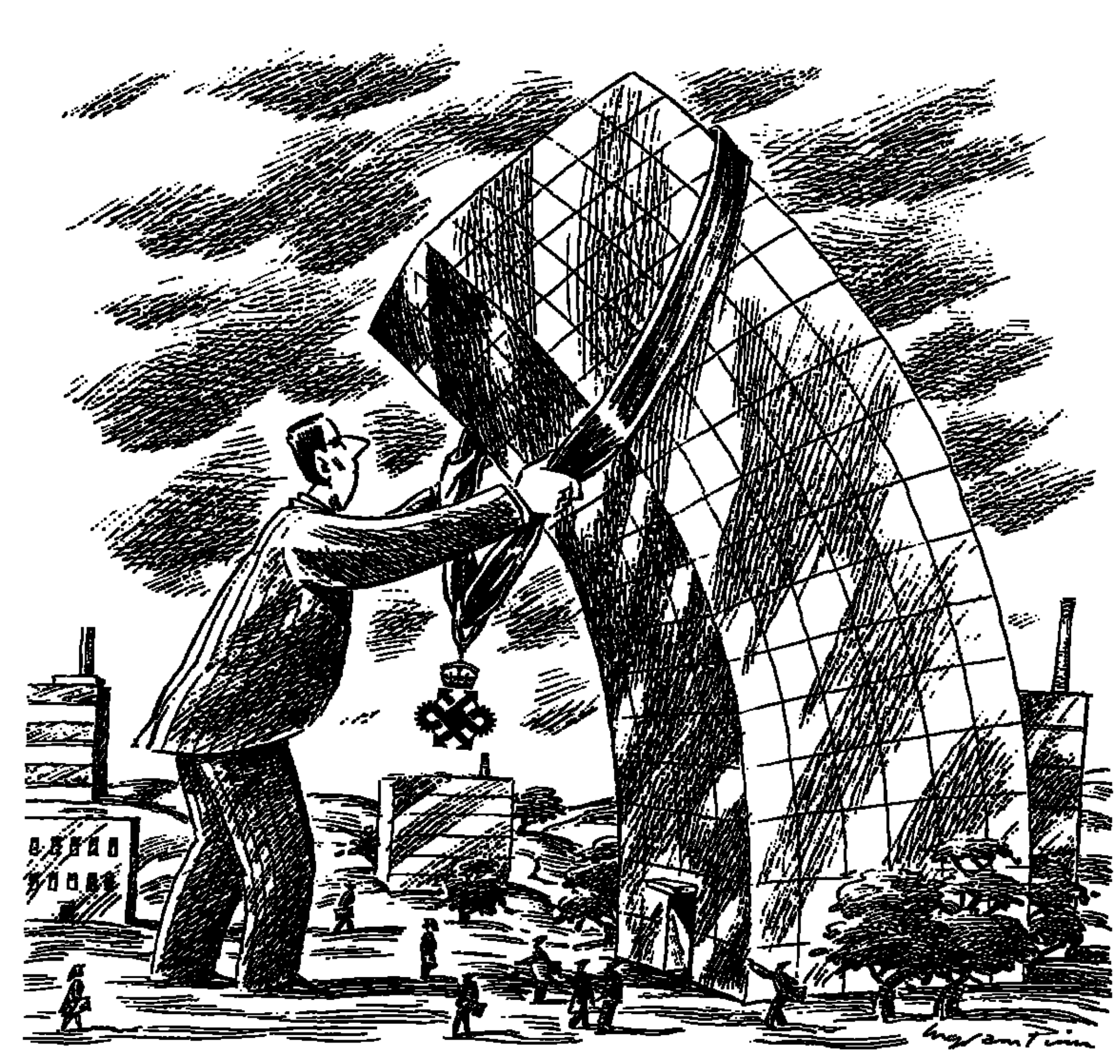
The prize was established in memory of David Thomas, an FT journalist killed on assignment in Kuwait in April 1991. Candidates wrote on: "What are the limits to Privatisation" and submitted plans on how they would use the £2,000 award. Mr Clegg, a political consultant aged 26, will travel to Hungary and examine the impact of foreign ownership on Hungarian industry.

The Queen's Awards

FOR EXPORT, TECHNOLOGY and THE ENVIRONMENT 1993

After a dismal decade, the climate for British exporters has brightened, thanks to new finance facilities and a more competitive sterling exchange rate, says **David Dodwell**

Suddenly the tables are beginning to turn



A DECADE of complaints from British exporters that the government ignores their needs has quietly ended.

In recent months, an array of policy reforms has not only answered exporters' demands, but in some cases has been drawn up by the exporters themselves. They range from cheaper export credit insurance premiums and larger sums available for cover in promising markets in developing countries, to a new approach to export promotion campaigns and the appointment of "national champions" to advise the government *on strategy in sectors* of export strength.

Combined with a devaluation of sterling which has greatly enhanced British export competitiveness, and interest rates that are among the lowest in Europe, they have given exporters a fillip that competitors in many other countries can only envy.

"If a company can't export now, then you have to question whether it should be in business in the first place," commented a senior official at the Confederation of British Industry.

Behind the government reforms is *an emerging consensus* that the only route to non-inflationary growth, and fresh job creation, is through exports.

At a less abstract level, many industrialists talk approvingly of a new mood created by Mr Michael Heseltine and his terrier-like minister of trade, Mr Richard Needham.

First signs of a change of heart in government came in autumn last *year, when export insurance cover* was boosted in a number of "concentrated markets" – developing country markets such as China, Indonesia or Malaysia where export success had led to the Export Credits Guarantee Department banging its head against country lending ceilings. This was followed early this year by two new export promotion campaigns, one in the European single market, and the other *targeted at the US. These were dis*tinctive not just because they included some novel features but because they were the direct result of close consultation between government and industry.

Most original was *the three-year* "North America Now" campaign, launched early in March, and intended to boost the UK share of US visible imports from 3.8 per cent at present to 5 per cent by 1995. *This would boost exports in money* terms by about £3bn a year from the current level of £12.2bn.

Among its innovations are the *targeting of 20 US sectors*, including services, giftware, mail order, food and drink, airport equipment, construction and clothing – all areas of UK export strength. A *total* of 50 events are planned in North America over six months focused on export opportunities in these sectors.

For major exporters, the campaign will involve discussions intended to pinpoint where the government can best assist in overcoming trade barriers, or *define overall* trade and investment strategies.For small and medium sized companies, the campaign includes a "strategic alliances" initiative under which Price Waterhouse' has been appointed to work with about 50 companies a year with the aim of introducing them to a prospective US partner. The aim will be to forge between 10 and 15 successful part*nerships each year, generating a* £30m contribution to the UK balance of payments.

A third fillip for exporters came in the budget, when Mr Norman Lamont announced an average 7¼ per cent cut in export credit insurance premium rates, and added £1.3bn to the credit cover available in "concentrated markets" over the next three years.

Exporters now generally accept *that the cost of export insurance* premiums has fallen back into line with those offered to competitors in Germany, France, Italy and the US. They continue to complain that high rates over the past two years – *often three of four times* higher than rates available to competitors – have cost them dear.

The most recent reforms intended to aid exporters involve the reorganisation of the Overseas Project Board inside the DTI, the job of which is to ensure close links between the government and industry in bids for big export projects.

The government is to appoint "national champions", mainly drawn from the private sector, who will head "sector groups" inside the OPB focused on power, water, airports, transport, and oil and gas. They will aim to pinpoint UK export strengths, identify priority export markets, seek joint ventures in infrastructure projects, and look for opportunities for collaboration in developing countries, particularly as they privatise sectors of their economies.

Most radically, these "national champions" will aim to prevent UK exporters competing against each other in efforts to win a foreign contract – a potentially controversial and anti-competitive move which matches practices in countries such as Japan and France which have been fiercely criticised in the past.

The aim of the initiative is highly specific – to boost the annual export earnings of large contract exporters from an expected £10bn this year to £20bn by the end of the decade.

With the specific exception of "strategic alliances", these changes appear to address the complaints of Britain's "big industry" much more directly than those of small and medium sized companies – in spite of the fact that the Confederation of British Industry, and other industry organisations, often complain that too few companies account for too large a proportion of British exports. Last year, Britain's top 20 exporters accounted for overseas sales of £29bn – almost one third of all exports.

Changes of greater importance to small and medium sized exporters, such as capital investment write-downs, cuts in corporation tax, an exporters' loan guarantee scheme and bankers' export guarantees, have so far been resisted.

Exporters also complain that some of the potential benefits from these various reforms will be lost because of government refusal to reverse plans to withdraw from reinsurance of exporters' political risks, and because of a continuing squeeze on interest margins provided to banks to enable them to remain active in engineering financing packages for exporters.

On the reinsurance issue, which leading short term credit insurers such as the Cardiff-based NCM say *is forcing* them to turn down requests for cover worth about £4bn a year, negotiations are likely to begin this summer with the ECGD.

The dispute over bankers' interest margins – called "fixed rate export finance", or *"frefs" – is also likely* to be settled soon – whether for good or ill. Bankers say the paring of margins demanded by the Treasury in 1987 *has led to many banks* withdrawing from the export finance field, and put profits under pressure among the dozen banks which remain active.

They insist that a further paring back would lead to fresh withdrawals, the main casualties being exporters, who will no longer be able to find bankers on the ground in developing countries to arrange the finance that often forms a critical part of any contract bid.

One area where exporters and government are likely to remain at loggerheads is the use of aid to boost export efforts. Britain's own "Aid and Trade Provision" (ATP) remains small by international standards, with increasing pressure to use limited aid funds for clear-cut aid purposes – like disaster and famine relief.

Vigilance has been sharpened at the Organisation for Economic Co-operation and Development against the use of "mixed credits" – the dilution of commercial loans with grant aid – to help exporters to the developing world.

OECD governments agree that the competitive use of aid to provide exporters with subsidised finance is a costly and self-defeating process which ultimately neither helps exporters nor channels aid effectively to developing countries. But exporters continue to press for ATP to be increased, referring constantly to instances where foreign competitors have allegedly tapped aid finance to sweeten the financing of strategic contracts.

These efforts to sharpen the export competitiveness of "UK Inc" face the constant danger of becom*ing over-simplified and counter-pro*ductive. For example, it is becoming increasingly clear that foreign investment is a critical precondition for enhanced trade flows. A policy that aims to boost exports without paying close attention to foreign investment and the option of foreign joint ventures is likely to be flawed. There is also a bemusing problem in defining "UK Inc", such as when GEC, through its partnership with Alsthom, is as well placed to manufacture in France as in the UK, or where Trafalgar House can use a subsidiary in the US to bid for a contract in a foreign market.

It is notable that in 1991, 37 of Britain's top 100 exporters were foreign-owned. They include Ford, IBM, Nissan, Kodak and Rhône-Poulenc. Government help for such exporters will help to secure jobs *and skills in the UK, but will at the* same time boost the profits of these foreign companies. The gains from visible exports are in part offset by the invisible drain of profits and dividends remitted to the parent company, and to investors overseas.

The simple lesson is that the interests of multinational corporations do not coincide with those of national governments, and that earnings from invisibles cannot be wholly ignored in the quest for visible exports.

These are conundrums that neither UK exporters, nor a government newly-converted to the cause of boosting the nation's exports, care to ponder – at least for now.

THE QUEEN'S AWARDS FOR EXPORT ACHIEVEMENT 1993

COMPANY	LOCATION	GOODS AND SERVICES EXPORTED
A		
AES Engineering: Rotherham and Bradford branch	Rotherham, S. Yorks.	Mechanical seals
ASM (Orchestra)	London E.1	Concert performances
Advent Communications	Chesham, Bucks.	Satellite communications equipment
Airwair	Wellingborough, Northants.	Footwear
Appletise	Woking, Surrey	Fruit juice
A E Arthur	King's Lynn, Norfolk	Dressmakers dummies
Autovalet Systems International	London NW10	Microprocessor-controlled automatic garment dispensers
B		
BCB International	Cardiff, South Glamorgan	Leisure and safety equipment
BT&D Technologies	Ipswich, Suffolk	Optoelectronic components
Baker, Edward Ltd	Sudbury, Suffolk	Pet food
Banque Paribas Export Finance Unit	London W.1	Provision of finance
Bioscot Limited	Edinburgh, Scotland	Blood typing reagents
Booster Electric Vehicles	Huddersfield, West Yorks.	Electric scooters for the disabled
Borden Decorative Products (Transprints Division)	Morecambe, Lancashire	Textile transfer paper
C		
CADCentre	Cambridge, Cambs.	Computer software and training
Canadian Pizza Crust Co (UK)	Salford, Greater Manchester	Pizza bases
Carron Bathrooms	Carron, Falkirk, Scotland	Perspex baths
Caterham Cars	Caterham, Surrey	Super seven motor cars and kits
Chadwicks of Bury	Bury, Lancs.	Aluminium foil lids
Churchill Tableware	Stoke-on-Trent, Staffs.	Earthenware tableware and mugs
ConvaTec	Deeside, Clwyd, Wales	Medical products
Cookson Entek	Newcastle-upon-Tyne	Polyethylene materials for car batteries
The Copyrights Company	Milton, Nr. Banbury, Oxon.	Copyrights licensor for writers and artists
Croda Kerr	Liverpool, Merseyside	Fire extinguishing chemicals
D		
Derwent MacDee	Doncaster, South Yorks.	Plastic plumbing and sanitary ware products
Desurvey	Birkenhead, Merseyside	Engineering design services
Dunphy Combustion	Rochdale, Lancs.	Industrial gas, oil and combination burners
Dynacast International	Alcester, Warwicks.	Diecastings and automatic diecasting machines
E		
Epitaxial Products International	Cardiff, South Glamorgan	Semiconductor wafers
Europalite	Mansfield, Notts.	Road safety equipment
Europressings	Cardiff, South Glamorgan	Steel pressings
F		
FMC Corporation (UK), Wellhead Equipment Division	Dunfermline, Fife	Surface and subsea oil wellhead equipment
Financial Times Group	London, S.E.1	Newspaper and associated activities
Ford Motor Company	Brentwood, Essex	Motor vehicles and components
Foster Refrigerator (UK)	King's Lynn, Norfolk	Commercial refrigeration
Foster Wheeler Energy	Reading, Berks.	Construction and project management
G		
GEC ALSTHOM Transmission & Distribution Projects (TaDPoLe)	Stafford, Staffs.	Power electronics systems and products
Gaffney, Cline & Associates	Alton, Hants.	Management and technical consultants
Good Book Guide, The	London W.C.1	Books, magazines, video and audio cassettes
Griffith Laboratories, European Group Bakery Business Unit	Somercotes, Derbyshire	Breadcrumbs and novel coatings for foods
H		
Hanover Displays	Lewes, East Sussex	Electronic signs
Harrison & Sons	High Wycombe, Bucks.	Security printing
Hilditch & Key (Wholesale Division)	Glenrothes, Fife	Shirts, ties and sleepwear
A.E. Holt (Leicester)	Leicester, Leics.	Socks
John Horsfall & Sons (Greetland)	Halifax. W. Yorks.	Blankets
Howmet Ltd, Exeter Casting	Exeter, Devon	Precision investment castings
I		
ICL Mid Range Systems	Bracknell, Berks.	ICL DRS 6000 series computers and associated UNIX products
IXI	Cambridge, Cambs.	Computer software
It's At (UK)	London W.1	Ladies high fashion garments
J		
Johnson Matthey, Catalytic Systems Division European Autocatalyst Group	Royston, Herts.	Autocatalysts for vehicle exhausts
Jotun-Henry Clark	London E.C.3	Marine and industrial paints
Junior Hagen	London N.W.10	Trimmings, textiles and accessories
Justerini & Brooks	London N.W.1	Scotch whisky
K		
KCC Process Equipment	Sunbury-on-Thames, Middx	Equipment for oil and gas production
Kacy	London N.17	Ladies garments
L		
John Laing International	Hemel Hempstead, Herts.	Construction and project management
Lightfoot Surfaces	Great Doddington, Northants.	Resin and rubber floor surfaces for cattle, horses and dogs
Linnhoff March	Knutsford, Cheshire	PINCH technology expertise
Lion Cabinets	Leeds, W. Yorks.	Mild steel enclosures for computer hardware
Lofthouse of Fleetwood	Fleetwood, Lancs.	Fisherman's Friend lozenges
Lothian Coated Fabrics	Prestonpans, East Lothian	Textile finishing
Lowndes Lambert Group Holdings	London E.C.3	International insurance broking
M		
Macallan-Glenlivet	Craigellachie, Banffshire	Highland malt scotch whisky
Madge Networks	Chalfont St. Giles, Bucks	Token ring networking products
Marks and Spencer	London W.1	Retail store produce
Mayflower Glass	East Bolden, Tyne and Wear	Glass ships in bottles
R Mears & Co	London E.C.3	Insurance and reinsurance broking
Morane	Banbury, Oxfordshire	Plastic film and machines for print finishing and ID
N		
National Pig Development Company	Driffield, E. Yorks.	Pig breeding stock stock
Newey Goodman, Textile Division	Tipton, W. Midlands	Hook and eye and snap fastener tapes
Newsround International Airfreight	High Wycombe, Bucks.	International freight forwarding
Nissan Motor Manufacturing (UK)	Sunderland, Tyne and Wear	Motor vehicles
Nylon Hosiery Company	Hinckley, Leicas.	Ladies hosiery
O		
Omega Diagnostics	Alloa, Clackmannanshire	Medical diagnostic test kits
Otodynamics	Hatfield, Herts.	Electronic hearing test equipment
P		
P.E.D. (Staden)	Earls Barton, Northants.	Industrial infra-red ovens
PPE	Harlow, Essex	Display equipment
Pauls Malt	Newmarket, Suffolk	Malts for brewing, distilling and the food industry
Pearsalls Sutures	Taunton, Somerset	Materials for surgical sutures
Peboc	Llangefni, Gwynedd	Vitamin D and fine chemicals
Pfizer	Sandwich, Kent	Pharmaceuticals and animal health products
Pig Improvement Company UK	Abingdon, Oxfordshire	Live genetically advanced breeding pigs
Pilkington Micronics	Deeside, Clwyd	Precision glass for data storage and display
Pointing	Prudhoe, Northumberland	Food colours and flavours
Porton Speywood	Wrexham, Clwyd	Pharmaceutical products glass
Powell Duffryn International Fuels	Harpenden, Herts.	Anthracite and coal
Psygnosis	Liverpool, Mersayside	Computer entertainment software
R		
Racal Radar Defence Systems	Chessington, Surrey	Naval electronic warfare equipment
Randox Laboratories	Crumlin, Co. Antrim, N. Ireland	Medical and veterinary diagnotic kits
The Really Useful Group	London W.C.2	Theatre producers/licensors, music publishers and record producers
Redwood International (Uniplex)	Hemel Hempstead, Herts.	Business software
Reyrolle	Hebburn, Tyne and Wear	Electrical switchgear
Riggarna UK	Christchurch, Dorset	Rigging for yachts
Felix Rosenstiel's Widow & Son	London S.W.3	Unframed reproduction picture prints
S		
STC Submarine Systems	London S.E.10	Submarine telecommunications systems
St Brendans Irish Cream Liqueur Company	Londonderry, N. Ireland	Cream liqueurs
Schroeder Capital Management International	London E.C.2	Investment services for pension funds
Shelbourne Reynolds Engineering	Bury St Edmunds, Suffolk	Combine harvester rotary stripping heads
Short Brothers: Fokker Division	Belfast, Co. Antrim, N. Ireland	Aircraft wings
Sigmaform UK	Wellingborough, Northants.	Heat shrinking cable jointing and accessories
Silent Channel Products	Huntingdon, Cambs.	Rubber seals and bodyside mouldings
E Slinger & Sons - The Slinger Group	Blackburn, Lancs.	Meat products
Stewart Hughes	Eastleigh, Hants.	Monitoring equipment and software
T		
TSS (UK)	Weston-on-the-Green, Oxon	Marine instruments
Tacolin	Winsford, Cheshire	Polythene film
Charles W Taylor & Son	South Shields, Tyne and Wear	Iron castings
Edward Thompson (Printers)	Sunderland, Tyne and Wear	Printed promotional games, bingo stationery
Thor Ceramics Limited	Glasgow, Scotland	Graphitic industrial ceramics for steel castings
Titus International	Iver, Bucks.	Furniture fasteners in plastic and zinc
Torquemeters	Ravensthorpe, Northants.	Torquemeters
Transatlantic Clothing Company Aero Leathers	Galashiels, Selkirkshire	Leather outer clothing
U		
University of Strathclyde Graduate Business School	Glasgow, Scotland	Part-time MBA degrees to students overseas
V		
Vascutek	Inchinnan, Renfrewshire	Sterile implantable vascular grafts made from polyester fibre
Vauxhall Motors	Luton, Beds.	Motor vehicles
Voltech Instruments	Abingdon, Oxon	Electronic measuring instruments
Vosper Thornycroft Holdings	Southampton, Hants.	Ships and marine related products
W		
Warwick Fabrics UK	Cheltenham, Gloucs.	Printed fabrics and pattern books
West Merchant Bank	London E.C.3	Merchant banking services

Catherine Milton considers the judges' criteria

There's many a slip...

HOW CAN a company which *qualifies for a Queen's Award* for Export go bust just weeks after accepting the accompanying invitation to tea at Buckingham Palace?

In 1991 two of that year's 849 winners are known to have gone under. Mint & Boxed, once a leading antique toy dealer, called in the receivers little more than a month after accepting the award.

A *fortnight before*, the English Provender Company, an Oxfordshire-based preserves and pickles business, had gone into receivership.

Mr Robin Ebers, deputy director general of the Institute of Export, is broadly supportive of the scheme which he acknowledges as the UK's most prestigious. He said: "An award of this kind enables companies *to show they are* doing their best for the economy and expanding trade."

The employers organisation, the Confederation of British Industry, echoes this view: "A lot of companies apply and are very unhappy when they don't win and delighted when they do. That must mean companies value the award and therefore it is a success."

Only a small number of the more than 2,500 companies which have won the award are known to have failed in the 27 years since the scheme began, but some industrialists have long raised questions about the criteria that award winners are required to meet.

They say it is not surprising the judges failed to spot potential company failures. The scheme's literature says it is designed to recognise a "substantial and sustained increase in export earnings to a level which is outstanding for the products or services concerned and for the size of the applicant unit's *operations*".

This basic criterion is then qualified by requirements for the applicants to explain fully how they achieved this. The judges require figures for three years and applicants are compared with their competitors' and the general export trend.

Against this apparently comprehensive evaluation, critics cite the example of one small technical company, once an active part of a profitable conglomerate.

The company, they say, won the export award in the middle 1970s partly on the strength of at least one deal which improved export figures but on which the company actually made a loss.

"It shows that any *fool* can get business on the other guy's terms. In the end the award *was simply* a nice warm glow", said an insider. Even the supportive Mr Ebers tells of a woman who became angry when he offered congratulations on her company's winning an award last year. She subjected him to a tirade about how the export team had been harried by the company's executives to meet orders and produce figures.

"There was no support for the export team and no training. They were virtually put in a room of darkness and told to get on with it. Some companies seek the status of the award without sustained improvement in the quality of their operations", Mr Ebers said.

He believes that in general an emphasis on turnover figures can lead companies to *over commit themselves, find* themselves unable to deliver on time and then see overseas orders dry up with what can be catastrophic results.

Mr Anthony Pierce, senior lecturer in international trade and *finance* at London's City University, agrees: "The key criterion seems to be the incremental increase in exports the company achieves and that's just daft. It's such a fudgeable number."

Mr Pierce, who also runs his own consultancy, Export Risk Control, believes companies who make little effort to win export orders can win the awards *if, for example, they* have a new product and no competitors, or if competitor suppliers of the product dry up elsewhere.

The department of trade and industry rejects these criticisms. It said: "We are certainly entirely happy with our criteria. The sheer number of companies who apply, and the extension of the scheme to environmental awards shows that it is a success.

"Of course you can find companies that have won an award and gone bankrupt. You can also find MBE and OBE winners who end up with criminal records."

And a spokesman for one of this year's winners, the Really Useful Group, said: "It's a great morale boost. It does give the workforce a nice warm glow *and that is something a lot of* companies *place* a very high value on."

Harrison & Sons: high security printing

Valuable paper-chase

HARRISON & Sons, one of the world's oldest high security printers, has been literally cashing in on the death of communism.

The firm, whose roots go back to the 16th century, has been putting its skills at the disposal of newly freed countries which want passports, currency and other sophisticated documentation both for *practical purposes and to* flaunt their independence.

Harrison, based at High Wycombe, never names its customers unless its clients want them to do so. But Jeff Stuart, chief executive, confirms the receipt of orders from "about four" of the 15 former Soviet members of the Commonwealth of Independent States, including the newly emergent Moslem countries of Central Asia.

These and other new orders have underpinned the 70 per cent of its £65m a year turnover which is accounted for by exports to about 150 countries.

Harrison, part of Lonrho since 1979, is one of two British firms, and one of only eight in the world, which supply the full range of high security printing, including bank notes, *travellers* cheques, passports and identity cards.

Delarue, the other, is the biggest in the world – *it recently* won the contract for the new Estonian passport. Canada too bosts two high security printers and there are one each in the US, Germany, Holland and France.

These eight companies compete to supply the 10 per cent of banknotes not produced by the world's 69 State printing works. The market for the private *firms has expanded due to* the freeing of the countries of Eastern Europe, previously reliant on state printers in the Soviet Union, East Germany and Hungary. Developments in the east added 3.5bn banknotes to the 7.5bn previously supplied by private printers.

The US Banknote Company is supplying the *new* Lithuanian currency. The German firm, Devrient of Munich, has taken over the former East German state printer.

Harrison has won orders in Poland and is believed to have already supplied currency to CIS countries which want their own alternatives to the Russian rouble, still widely circulating in the former USSR, and the new Russian Federation Rouble.

Harrison's expanding sales, *says Stuart, are due only* partly to the collapse of Soviet communism. In the early 1980s it embarked on a strategic expansion plan as a result of which it had the capacity to meet the new demand once it materialised.

This capacity includes not only sophisticated machinery but the skills of its designers and engravers, which are the creative spearhead of its 750-strong workforce.

In spite of the economic difficulties in the *post-Communist* countries, Stuart has no concern about doing business with them. All Harrison's new customers had been scrupulous in backing their orders by international letters of credit confirmed on a European bank.

Harrison & Sons was founded in 1750, but traces its ancestry to a 16th century bible printer, whose original imprint is still used. Soon after it was established, Harrison & Sons was entrusted to print the London Gazette for the British Government, in which, fittingly, its latest Queen's Award was published.

It no longer prints the Gazette, but still works for the Government as the supplier of more than 90 per cent of all postage stamps. One of its presses consumes 30,000 miles of *paper a year*.

Maurice Samuelson

Examining new banknotes at Harrison's High Wycombe print works

Shorts Brothers of Belfast

Strong tail winds from Canada

SHORTS BROTHERS of Northern Ireland, which has won its 16th export achievement award, has staged one of the most remarkable comebacks in the aerospace industry during the last five years.

After more than 40 years in government ownership, the Belfast-based company and oldest established aircraft manufacturer in the world, was acquired in October 1989 by Bombardier, the Canadian aerospace and transport group. From a loss of £47m in 1988 it has returned to profit with earnings in its last two financial years of £26.5m and £28.5m respectively.

Exports have doubled from £110m in 1988 to £224m last year while overall turnover has also doubled since 1988 to £392m last year.

Since the company's privatisation and acquisition by the Bombardier group, about £200m has been invested in plant, machinery and facilities to improve quality and productivity as well as to reduce costs. The company says it has saved so far £35m as a result of its total quality programme launched six years ago.

Shorts has now become the European arm of Bombardier's aerospace division which also includes Canadair, de Havilland and Learjet. The link with the Canadians has enabled Shorts to win new business on Canadair and Learjet regional and corporate aircraft.

However, the latest export award was won by the company's Fokker division which manufactures and exports wings for the 100-seat Fokker 100 regional jet built by the Dutch group. Shorts' Fokker export business almost trebled over the past three years.

Shorts has worked with Fokker and Deutsche Aerospace, which is acquiring this year a majority stake in the Dutch aircraft maker, for the past 28 years: first on the Fokker F-28 and since 1983 on the Fokker 100. The Belfast group has seen the delivery rates for Fokker 100 wing sets increase from 12 in 1988 to 61 last year.

The company expects to expand its business with Fokker with the delivery of wing sets for the Dutch manufacturer's latest programme, the Fokker 70, a 70-80 seat derivative of the Fokker 100.

Shorts, Northern Ireland's largest manufacturing company, also does extensive commercial aerospace business with Boeing of the US, Rolls-Royce and the International Aero Engine consortium. On the defence side, it has developed new products including the Starburst close air defence missile system and the S-1 multi arms trainer.

Following the general trend in the aerospace industry, the company has also expanded its international partnerships.

However, Shorts has not escaped the general slump in the world aerospace industry. The company, which currently employs about 8,500 people, announced last March plans to shed 665 jobs largely because of production cuts at its two big civil aircraft customers, Boeing and Fokker.

Paul Betts

Breeding for the table

Who said pigs don't fly?

THERE IS something irresistibly comic about the idea of flying pigs. But when British pigs go to market abroad, they do fly – by jumbo jet.

The UK leads the world in pig breeding, and two of the three leading UK companies have won Queen's Awards for Exports. The Pig Improvement Company (PIC), the world's leading supplier of breeding pigs, has used jumbo jets to send stock out to China and the US, among other destinations. The National Pig Development Company, which hit the headlines last year with its introduction of a Chinese line into its stock, last year sent a jumbo jet containing more than 800 pigs to the US every six weeks.

PIC, based in Fyfield Wick, near Abingdon, Oxfordshire, last year celebrated the 30th anniversary of its foundation by a small group of Oxford farmers. The company was bought by Dalgety in the early 1970s, and now employs 170 in the UK and more than 1,100 worldwide.

It won its first Queen's Award for Exports in 1975 for a pioneering project to re-equip the Bulgarian pig industry.

Turnover this year is expected to reach £120m. The company has 25 per cent of the UK market for breeding gilts (sows that have not yet borne a litter), but also has a network of worldwide outlets and expects to sell around 1m animals in 29 countries this year. World sales are claimed to be as big as the next five competitor companies combined.

Mr Richard Clothier, chief executive of Dalgety, said that PIC had increased its exports of breeding stock from the UK steadily year by year.

Among recent successes has been a three-year programme to improve production in the Ukraine. This involved not only the export of 2,000 breeding stock, but also an exchange programme which sent company staff out to the Ukraine while Ukrainians were trained in the latest techniques in the UK.

The company also secured a £1m deal with Cuba by agreeing to accept sugar in return for pigs.

But in addition, said Mr Clothier, PIC had seen strong growth in earnings from its overseas subsidiary companies, which account for 80 per cent of turnover.

PIC has wholly-owned subsidiary companies in the US, Germany, Mexico, Spain, Portugal, France and Holland as well as 14 franchise companies. The US subsidiary is the single largest pig breeding company in the world.

The NPD's Meishan super-sow: firing on all 20 cylinders

Mr Clothier believes the world market for breeding stock has the potential to double and possibly treble over the next 10 years. The US has been slow to develop improved pig breeding, but demand now far exceeds the industry's capacity to supply. China, another huge potential market, has not yet started to improve its pig farming.

He believes the UK has become the world leader because it made an early start in the application of the principles of genetics in pig breeding. UK breeders had "devised a commercial approach which worked much more innovatively than government breeding schemes," he suggested. Competition was pushing the technology ahead.

One of PIC's competitors is the National Pig Development Company (NPD), of Driffield, East Yorkshire. NPD was founded in 1969 by Mr John Curtis, who was anxious for his two sons to be able to earn a living from farming.

The company now employs 250 people and has an annual turnover of about £20m, of which nearly half is accounted for by exports. However, the company has launched a franchise agreement every year for the past six years, and now has deals in the US, Canada, South Africa, the Philippines, Holland, Italy, Spain and South Korea.

The search for a better pig is a high tech business. NPD claims to have the largest computer record for breeding pigs in the world as statistics are collected not only from the 24 farms it owns, but also from the franchise operations. Mr Stephen Curtis, managing director for production, said that computers had increased the accuracy of breeding selection by 15 per cent.

Last year the company was the first to produce a commercial hybrid from the Chinese Meishan *(pictured)*, which has long been admired for its astonishingly high reproduction rate.

The sow has up to 20 teats, compared with 12 to 14 in a British breed, and regularly delivers 16 piglets.

But when fully grown the Chinese pig is all fat and bone with little lean meat – hence the Chinese passion for sucking pig. Mr Stephen Curtis believes that NPD's 20-year drive to produce pigs with a high lean meat content are behind its success in harnessing Meishan blood.

The Manor Meishan hybrid was launched on to the UK market in some style at the Cafe Royal in London last May. Its heirs should be airborne within a couple of years.

David Blackwell

Powell Duffryn International Fuels

Against the coal tide

AMID THE controversy surrounding the government's pit closures programme during the last six months, there was near unanimity about one thing: without subsidies of a scale never likely from a Conservative government, the UK's exports potential is small and declining.

However, one company is showing that it is possible to make a success in a small market by exploiting niches. Powell Duffryn International Fuels is today rewarded with a Queen's Award for Export Achievement. This is the first time that the company, a subsidiary of Powell Duffryn, the diversified industrial group, has won a Queen's Award, although in more than 100 years of existence in various forms, it has acquired a considerable reputation and, according to at least one industry analyst, the company is currently the most efficient coal trader in the UK.

Mr Barry Hartiss, chairman of Powell Duffryn's fuel distribution subsidiaries, says one key to the company's success in recent years has been PDIF's seven members of staff.

Mr Hartiss is, however, less informative with numbers involving PDIF, declining to supply figures for turnover and profitability or even for the proportion of purchases which the company makes from the UK. "The company generates a healthy flow of income from abroad but I cannot go into details because this is such a competitive market," he says.

The effects of the rivalry were demonstrated graphically last month in the government's white paper on coal. This showed that exports by British Coal amounted to 1.4m tonnes in 1991-2, against 2m in recent years. (Coal imports, at nearly 10 times that level, are increasing at a similarly speed.)

The white paper said British Coal expected to export only 700,000 tonnes in 1992-3, reflecting the corporation's decision to withdraw as quickly as possible from loss making business first hand. "There may be limited scope for profitable export of larger size of coal and of anthracite, which are effectively niche markets, but readily accessible UK supplies are limited."

PDIF, however, buys coal from many other sources than British Coal. One source is private UK producers whose number is expected to grow in the privatisation process of the next few years. The company also buys coal from Australia, the Americas and South Africa among others.

Most of the coal is sold in Europe, outside the UK, mainly to industrial customers including electricity generators, cement and steel makers. The company, which specialises in short sea movements of cargoes throughout north west Europe, processes as well as handles coal. Mr Hartiss says it is committed to being active participants rather than "paper transaction traders".

Mr Hartiss says the company operates in markets dominated by large trading houses and low cost mass producers. "Our skill is in identifying niche overseas trading and export markets for mainly specialised coal and anthracite products. We are looking at uses to which customers put coal and matching them with what we buy."

Michael Smith

A E Arthur

An authority on women's bodies

WHEN Albert Edward Arthur started importing artificial flowers at Covent Garden, London, nearly 100 years ago, he unwittingly laid the foundation of a family company which is one of this year's more unusual award winners.

A E Arthur, the family company which still bears his name, is one of only two in the world which supply dressmakers' dummies (the second, Adjustform of Ashford, Kent, is also British). About 20 years ago A E Arthur moved from Lambeth, South London, to Kings Lynn, Norfolk, where it now employs about 60 people.

With a turnover of nearly £1.7m a year, it makes 70,000 lifesize female dummies of which 85 per cent are exported.

Mr Eric Arthur, the present managing director and grandson of the founder, explains the evolution from imported artificial flowers to the present business: "Initially we made wire frames for floral wreaths. In 1919, my grandfather widened the business to include foundations for dressmaking."

The artificial flowers still flourished – at one point the family had 15 shops in London. But the last closed 15 years ago when the Covent Garden fruit and vegetable market moved out of its historic site and dummies became the company's mainstay. They retail at about £120 and are sold for use in the home rather than in dressmaking salons. The original wire foundation has now been replaced by plastic.

Thanks to its worldwide contacts, A E Arthur speaks with authority about global variations in the female form. "In Australia we cater mainly for slender women", says Mr Arthur. But in Japan, the differences are even more pronounced – Japanese ladies' breasts, he says, "are smaller, lower and further out".

This judgment is based on fieldwork carried out by A E Arthur's export agent. "He went out on the streets and persuaded 1,000 women to let him take their measurements. He then sent us a papier mâché model, on which we based our Japanese dummy."

For the names of its non-Japanese dummies, (which vary according to their adjustment mechanisms) A E Arthur turned to Greek legend: they are Diana, Venus and Athena.

Not all its customers are nimble-fingered housewives, however. The company supplies dummies for exhibitions, such as that staged by the BBC a few years ago to display the spectacular costumes used in its drama series on the wives of King Henry the Eighth.

Appropriately, they were all headless.

Maurice Samuelson

Academy of St Martin in the Fields

With a little help from Mozart

FOR Britain's only non-subsidised orchestra, winning royal recognition of its export effort is like the crescendo of a symphony as the music rolls towards the final chords.

"It's that feeling of achievement you get – that's what we feel like today,", says Ms Monya Gilbert, general manager of The Academy of St Martin in the Fields, as she savours its award for export.

The orchestra, set up in 1959, took its name from the central London church where one of the founder members of the group, Mr Jack Churchill, was then musical director.

The Academy's first audiences were office workers who attended lunch time concerts at St Martin in the Fields.

The title Academy is a reference to the older literary and medical academies. Sir Neville Marriner, the orchestra's founder, rejected the title of "orchestra" on the grounds that there were then only 13 players. He also ruled out "chamber group" because of its stuffy, elitist connotations and "ensemble" because it "bungs up your nose".

Today the Academy has a regular core of about 35 to 40 players but can expand to 85. It earns about two-thirds of its roughly £2m annual revenue from overseas tours and sales of its recordings.

It began recording in 1960 and now has more than 1,000 recordings, all of which it says still sell well. While the orchestra is not subsidised it has qualified for public funds from time to time, when the government has matched the money it has won from new sponsors.

The Academy admits to luck as part of the explanation for its success. Long famous for its Mozart interpretations, in the 1980s the orchestra was chosen to record the soundtrack to *Amadeus*, the successful film of the composer's life.

It was then well-placed to capitalise on the bicentenary of Mozart's death in 1991 which helped consolidate its already broadening audience.

The orchestra's biggest market is America where it has become well known through public service broadcasting.

It also tours and sells records to a German audience and is building a new market in Japan.

Ms Gilbert believes the orchestra's success has a widersignificance than simple recognition of The Academy's particular contribution.

It is a significance which she says fits in with the increasingly higher profile and broader appeal of classical music. "This is a recognition that will mean something not only to people in the arts, but also to ordinary people involved in industry who will turn around and say 'My goodness, an orchestra has qualified for an award for its contribution to exports'."

The Academy's award will also, Ms Gilbert believes, illustrate how the arts can act as attractive ambassadors for Britain in overseas markets.

"It shows how the arts can give a focus of publicity to England and Great Britain. This is a wonderful way to publicise the country."

It was this belief which guided the orchestra's decision to apply for the award.

"We applied for a form; filled it in, kept our fingers crossed and hoped something would happen."

Catherine Milton

oal tide

thority on
n's bodies

Ford's success is Britain's success.

- *Car market leader since 1974.*
- *Van market leader since 1967.*
- *Fleet market leader since records began.*
- *Largest manufacturer of cars and vans in Britain.*
- *1,040 dealers provide specialist services for 7 million Ford vehicles.*
- *Largest manufacturer of 16-valve engines in the world and exporter of 770,000 engines in 1992.*
- *More airbags installed worldwide than any other manufacturer, all European airbags made in Britain.*
- *Largest research and development facility in the British Auto industry, employs 3,000 engineers.*
- *£3,400 million invested in Britain over past five years.*
- *£2,700 million of components purchased from British suppliers in 1992.*
- *130,000 people employed directly and indirectly in Britain.*
- *Vehicles and components worth £2,190 million exported in 1992.*
- *The Queen's Award for Export Achievement 1993.*

1993

Ford

Everything we do is driven by you.

UK builds more cars for export, says **Kevin Done**

Europe's pacemaker

THE UK is set to be the fastest growing centre for car production in Europe during the 1990s supported by rapidly expanding exports.

The awards for export achievements made to three of *the leading car makers in the* UK, Ford, Vauxhall and Nissan, reflect the resurgence in the fortunes of the motor *industry in Britain, which is* being driven both by the greatly improved quality and productivity of the traditional *carmakers, and by the wave of* inward investment that has come from leading Japanese carmakers.

The industry is expected to wipe out its chronic trade deficit of the last 10 years and to move into surplus during the second half of the decade, helped too by the expansion of the automotive components sector, which has received a substantial boost from the arrival of the Japanese car operations.

The export award to Caterham Cars, the small maker of the Super Seven two seater roadster (successor of the Lotus Seven), also illustrates the strength of the specialist and motor sport sector of the UK automotive industry, which has become a world leader in the development of racing cars.

While the motor industry trade deficit has inevitably fallen during the recession, *there have also been encouraging* signs of a structural improvement in the UK motor industry's competitiveness.

Car production has held up much more strongly during the last three years than might have been expected given the *plunge in domestic demand.*

After the pain of the 1970s and the 1980s the motor industry in Britain is again producing cars at a quality level that is competitive with plants elsewhere in Europe, and UK automotive industry labour costs are the lowest among the leading car producing countries of *west Europe.*

As a result car exports have risen strongly and UK output of 1.29m cars in 1992 was less *than 1 per cent below the 1.3m* level of 1989, despite the 31 per cent fall in new car sales in the same period.

Car output for export markets accounted for 45.6 per cent of total UK car production in 1992 and for 48.9 per cent in *1991 compared with only 21.6* per cent in 1989.

The three volume carmakers that win the Queen's award for export achievement in 1993 have all opened up significant new export paths in recent years.

● VAUXHALL, the UK subsidiary of General Motors of Europe, only began to export vehicles again in significant volumes in 1990 after an absence of several years from foreign markets.

By last year, however, exports were already accounting for 37 per cent of its total output of 301,857 cars and car-derived vans. The volume of exports rose by 8 per cent to 111,700.

Vauxhall's two UK assembly plants at Luton, Bedfordshire, and at Ellesmere Port, Chesh*ire, were both able to operate* at full capacity last year thanks to the size of the export programmes. The outlook is *less favourable for 1993.* however. Despite improved demand in the UK, both plants have been forced to introduce *short-time working in the face* of the sharp downturn in demand in continental European markets.

Mr William Ebbert, Vauxhall chairman and managing director, warned recently that market conditions in Europe "are worsening overall" and that there was "little hope of being as productive and profitable" in 1993 as last year. The strength of its export performance helped Vauxhall to *achieve record operating profits* of £269.1m in 1992 despite the continuing weakness of the UK market.

Productivity at Vauxhall rose by 8 per cent last year, and its two assembly plants currently have a cost advantage of more than 15 per cent against GM's continental European plants and are achieving the same quality levels.

While its vehicle export volumes are set to fall this year Vauxhall will gain some compensation by the start-up of engine exports from its new £193m top-of-the-range V6 engine plant at Ellesmere Port, where it will have a capacity to produce 135,000 engines a year. Initial small volume production began late last year.

Vauxhall still has a significant trade deficit in the UK, but the new engine *plant* is expected to cut the UK trade deficit by around £100m a year with 80 per cent of production being exported to GM assembly plants in continental Europe.

● NISSAN has come rapidly *to the fore in the last couple of years to challenge Britain's* traditional carmakers for the position of leading UK car exporter.

At its Sunderland plant, the spearhead of the Japanese drive into the UK, where Nissan has invested more than *£900m, production has expan*ded rapidly in the last 12 months, and there will soon be capacity to produce up to 300,000 cars a year across two product ranges.

Nissan's Micra small car: a big boost to UK motor production

Output rose by 43.5 per cent last year to 179,000 from 124,700 in 1991, and the company is aiming to raise output by a further 51 per cent this year to 270,000 cars with around 84 per cent of production being exported.

Nissan's car exports from the UK, which began modestly in 1988 at 11,080, have climbed sharply to reach 112,700 in 1991 and 157,234 in 1992. Exports accounted for 88 per cent of its UK production last year.

With the addition of new products by Nissan at its Spanish subsidiary, Nissan Motor Iberica, the UK company has also begun to export petrol engines from Sunderland to Spain for assembly into the *Barcelona-built Nissan Serena* multi-purpose vehicle.

Nissan first began to export left-hand drive cars to nine continental European markets in September 1988. It began to export cars from the UK to eastern Europe in 1991 and in the same year became the first Japanese carmaker to start shipping cars from Europe to Asia. It has planned to export *around 10,000 cars a year from* the Sunderland plant to Taiwan and to Japan.

The big boost to Nissan's *output came last August with* the start-up of production of its second range of UK-built cars, the Micra small car. Output of the Nissan Primera large family car, which began in May 1990, is expected to fall by 8 per cent this year to around 130,000 from 141,800 in 1992, while production of the Micra is forecast to rise to 140,000 from the 37,200 produced in the last five months of 1992.

The UK-built Micra is particularly important for Nissan in its drive to increase its penetration of the southern European markets, such as Italy, France and Spain. Traditionally these markets have operated very restrictive policies against direct vehicle imports from Japan. At the same time small cars of the Micra-class represent the biggest segments of these new car markets.

● FORD continued as Britain's leading motor industry exporter in 1992 with shipments of vehicles and components worth around £2.2bn.

Its exports are much more *wide-ranging than those of* either Vauxhall or Nissan with the UK serving as one of its principal locations for engine production in Europe and a source for other components ranging from radiators to plastic mouldings, instrument clus*ters and engine castings.*

In 1992 it exported 159,000 vehicles from its assembly plants in Dagenham, Essex, *Halewood, Merseyside, and* Southampton despite repeated periods of short-time working caused chiefly by the continuing UK recession. *It also* exported 770,000 engines from its two engine plants at Bridgend, South Wales, and at Dagenham.

Ford reacted more slowly than General Motors to integrate both its UK car assembly plants into its overall European production network. For the first part of the UK recession it was unable to cushion its car production at Halewood by increasing exports, but it finally overcame this hurdle at the beginning of *January* 1992.

The Merseyside plant began shipping its Escort/Orion cars to continental European markets at the start of 1992 and exported more than 30,000 vehicles last year. It exported around 17 per cent of its total output including 20,000 Escorts. The Dagenham plant continued its strong export performance in 1992 with more than 50 per cent of its output of 213,192 Fiesta cars and vans and Courier vans being shipped abroad. Dagenham is Ford's sole production source *for the Fiesta Courier* high roof van, and in the first full year of production in 1992 more than 46,000, or 93 per cent of output, were exported.

More than a third of the output of the Ford Transit panel van at the Southampton plant was also exported last year, amounting to 21,000 vehicles in 1992. Light commercial *vehicles* are an important element in Ford's UK exports with volumes rising significantly last year to 82,654 from *63,900 a year earlier.*

The Dagenham engine plant is Ford's sole source in Europe for diesel engines, and last *year the Essex plant exported* 395,000 engines or 75 per cent of its output of 567,000 engines. Bridgend, which produces Ford's new range of Zeta multi-valve petrol engines, exported 374,000 engines or 74 per cent of output to Ford assembly plants on the continent.

Despite its position as the UK's leading motor industry exporter, Ford of Britain has still recorded a UK trade deficit for every year since 1981 with its exports overshadowed by the volume of its vehicle imports (excluding Jaguar *since its takeover in 1989).*

The development of Ford of Britain's trade deficit has followed closely the performance of the overall UK motor industry. The deficit ran close to £1.4bn a year in 1988 and 1989, but fell to £1.297bn in 1990 and to £214m in 1991. No figure is yet available for 1992.

Ford of Britain first moved into deficit in 1981 having previously been a significant positive contributor to the UK trade balance.

Europressings

Welsh steel hits Japan

A PRIVATE Welsh company formed five years ago has won the *export award for* sales which are almost exclusively to Japanese companies.

Europressings, based at a *Cardiff industrial park,* was formed by a group of Welsh businessmen all involved in steel. They realised that there was a *potential market from* Japanese electrical goods manufacturers which had set up plants in Europe and needed *casings for their products.*

"The *Japanese* wanted to purchase more in Europe to comply with the EC directive *on local sourcing* and because it was very expensive to ship from Japan," says David Horrocks, commercial director of *Europressings and formerly* joint managing director of a steel stockholding company.

"But they found there was a *shortage here of pressworkers* for particular parts – the metal casings. We thought we could supply the components our*selves and the best thing we* could do was to go to see for ourselves in Japan. In October 1987 we went on a two-week *study tour there around the* manufacturers. When we got there we blew our minds because the technology was not available in Europe, and not even really known about in Europe."

The businessmen agreed to take a gamble that, if they started making the right product – which is described as "cosmetically and dimensionally critical metal pressings" – the Japanese would place orders with them. "We decided *to start a new company with* the Japanese as a target market. We needed to set up a new operation and weld the Japanese *technology to European* ways." The chairman of the new company, Nick Williams, a Cardiff entrepreneur, owns *80 per cent and the other direc*tors the rest.

"We decided to build a factory on a greenfield site and to *buy the equipment from Japan.* We made an outlay of £1.5m with no order. But we were very bullish that the Japanese *would come to see us and give* us business."

The 50,000 sq ft factory was completed in April 1988. "We *didn't produce a part until* June 1988, the first was a top cover for a video recorder for NEC in Telford, Shropshire." Other orders followed for such products as microwave ovens, desk-top computers, video tape *recorders* and *compact disc* players.

In 1989 Europressings won its first export order, to Sony in France. Today, *about half its* output is exported. In the UK, it is now supplying Sharp in Wrexham, north Wales, and *Hitachi and Panasonic in south* Wales, and on the continent Japanese companies in France, Germany and Spain. In the last *year, ending April 1993, its* sales were 4.6m and it is even more confident for this year.

The factory already employs *52 people, mostly women, and* expects to expand, creating another 20 jobs, in the next three months. "We've been *held back by the world reces*sion – we've grown because we've increased our customer base and the number of prod*ucts we make,*" says Horrocks.

"The Japanese," he adds, "are superb to deal with."

Roland Adburgham

Finance and insurance

Not-so-invisible earnings

A NUMBER OF financial firms have won export awards, underlining the growing importance of invisible earnings to Britain's balance of payments.

They include two merchant banks, an investment management firm and a reinsurance firm registered with Lloyds of London.

● **Banque Paribas** becomes the first French bank to win the award, in recognition of its export finance unit in London, which has had particular success in North Africa and Asia. Projects in which it has been closely involved include a large power station in Morocco and the revamping of liquefied natural gas facilities in Algeria.

Most of the financings in which the unit were involved were originated by Paribas and were connected with big international projects in energy and heavy industry, such as steelworks.

In addition, umbrella facilities such as general lines of credit were established, resulting in the financing of more than 60 UK export contracts, with values ranging from £150,000 to £12m during the past three years.

● **West Merchant Bank,** another City institution, owned by Westdeutsche Landesbank (Europa), won the award in recognition of the two-thirds of its earnings won overseas – from fees for a wide range of advisory services and from underwriting commissions or trading profit on the placement of securities for residents in the US, Europe, Latin America and South Africa.

● **Schroder Capital Management International,** a unit of Schroder Investment Management, has been cited for winning significant fund management business in North America to complement its position as a leading manager of UK pension fund assets.

It now manages more than £5bn for 80 clients, and employs more than 60 people in London and New York.

● **R. Mears & Co.,** the insurance and reinsurance brokers registered at Lloyds, takes a second export award in three years because of the accelerating growth in its brokerage income to £3.5m last year from £650,000 since 1987.

Nearly all the income is earned overseas from a broadly based portfolio in Europe, Central America, southern and North Africa, the Caribbean, Australia and the Gulf.

Anthony Barrow, one of Mears's two founding directors, says the firm has also benefited from the new opportunities for reinsurance in eastern Europe following the disappearance of Comecon, the former Soviet-dominated trade grouping.

Mears had already had considerable business in former Yugoslavia, but as 95 per cent of it was in the now independent republic of Slovenia, it has not been affected by the violence which has swept other areas of former Yugoslavia.

Maurice Samuelson

Andrew Fisher assesses the strengths and weaknesses of UK industrial technology

A key to the pace of recovery

NEW ideas, technologies, and products are at a premium as Britain *emerges from* recession at long last. In a harsh and fast-changing world economic environment, it is innovation and flexibility which will largely determine who the future winners are in international markets.

As the list of companies in the technological achievement section of the Queen's awards shows, there are successes to cheer about in the performance of British industry. The 25 awards range from advanced computers and software to more humble manufacturing products. They include products in the medical, farming, machinery, and chemical sectors.

Among those singled out this year are large and well-known organisations like BT, Smiths Industries, ICL, *Castrol, and* Land Rover, as well as smaller operations like pneuPAC, Tronic Electronic Services, NextBase, and Pitman-Moore. Zeneca, ICI's bio-sciences subsidiary, is also honoured in the list, which contains fewer technology awards than in each of the previous eight years.

But inspiring as the awards may be – they are only given for innovations which have achieved commercial success – there is a strong sense within much of industry, the academic and scientific world, and parts of the government that Britain lacks a strong enough technological impetus to compete effectively with rivals in the US, Japan, Europe and elsewhere.

However much the top UK industrial companies *spend on* research and development, foreign competitors spend much more. ICI, the chemicals group, is Britain's top R&D spender, but only 35th in the world. Glaxo, the successful pharmaceuticals concern, is in 49th place, Shell Transport and Trading in 50th, and General Electric at 55.

Topping the list is General Motors of the US, followed by two German groups, Daimler-Benz, whose activities include vehicles, areospace, and electronics, and Siemens, the electrical and electronics manufacturer. IBM, the US computer giant, is in fourth place, and Japan's Hitachi is fifth.

Altogether, the top 10 comprise four US companies – the others being Ford Motor and AT&T – four from Japan *(Toyota, Matsushita,* and Fujitsu are also there) and the two German corporations. As the recent fortunes of some of these make clear, though, a high R&D budget does not guarantee success. IBM, in particular, has been brought painfully down to earth by market pressures. In Europe, Daimler is having to struggle as competition hots up and its high Ger*man cost base is mercilessly* exposed.

Yet this is small comfort for British industry, however successful and thrusting some of its members may be. For it is not only in absolute terms that UK industry's R&D spending lags behind. In Britain, corporate R&D expenditure as a percentage of gross domestic product has fallen over the past decade. The picture is very different in the main competing countries, with rises in Germany, Japan, the US, France and Italy.

The winning examples in the Queen's awards are proof that new ideas and processes can make it to the forefront of British industry. But making a success of technological breakthroughs and advances is tough. *As innovation experts* inside and outside industry stress, the management of technology is by no means easy. Innovation is a process that includes not just science and technology, but also management, marketing, and educational expertise.

The companies that come up with the best ideas are not always the ones that reap the rewards. There are numerous examples around the world of companies which pioneered new products only to fail in the market. Often it is those which come along in second place who earn the profits; they can learn from the mistakes of the ones which went before and refine the original ideas or processes.

In the UK, many executives bemoan the lack of priority given to industry both by the government and the general public. This is certainly in strong contrast to, say, Germany, where industry has a weight and influence superior to that in Britain and where quality of product and workmanship is highly prized, as are educational and training qualifications.

Such differences cannot be narrowed rapidly, at least not significantly. But the Confederation of British Industry and Department of Trade and Industry are both concerned to ensure that the flame of innovation burns more brightly in the UK. Thus they have jointly embarked on a programme aimed at enhancing the awareness of the need for innovation within industry.

The need is certainly there. The world competitiveness scoreboard compiled by IMD, the Lausanne business school, and the Geneva-based World Economic Forum, puts the UK only in 13th place, behind not only such industrial powers as Japan, Germany and the US, but also smaller countries like Switzerland, Denmark, Finland, and Belgium; the UK is ahead of France and Italy, however. A technological ranking of the top 25 world companies, based on US patenting data and published by Business Week last year, included none from the UK.

League tables certainly do not tell the whole story. But they provide enough evidence to demonstrate that action is required to encourage UK companies to become more innovative. The question *is:* how can they become so? A study by the DTI and CBI found that only one in 10 of the companies it surveyed could be called truly innovative; three in 10 had grasped some aspects of the innovation process, while half showed "elements of good performance".

The answer does not just lie in spending money. Attitudes *and organisation are just as* important. Companies which are prepared to open themselves to new ideas – from their own staff or from outside – to communicate effectively, and to enter into alliances and exchanges of ideas with other firms have a better chance of success than those which remain closed to new influences.

Often, it is marketing or management failures rather than any lack of technological skills which doom products to failure in the market. This certainly applies to individual *inventors or small companies,* who find it difficult to push their ideas through the tangle of regulatory, financial, and market requirements to the end user. Most inventions do not succeed, but a number of those which fail could probably be made to succeed, at least partly, with the right sort of help at an early stage.

For companies to be able to exploit new ideas effectively, a stable economic environment is required. This has been lacking in recent years, as the UK has gone from boom to recession and back to slow recovery. Successful innovation also demands a longer term approach than is common in much of British industry, where dividend payments tend to be higher than abroad.

Yet the ending of recession at *last* gives companies *the* chance to shake off the survival culture with which many have become fixated in recent years.

With a more favourable economic climate and a louder blowing of the innovation trumpet by those concerned with the health of industry, Britain's technological future could be much brighter. But *technology on its own is not* enough. As the Queen's awards recognise, the practical and commercial elements are vital to success.

Holroyd

Cutting and grinding

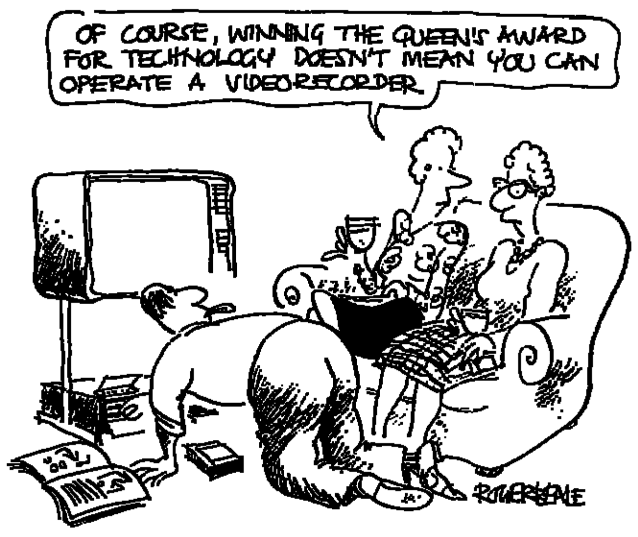
HOLROYD, a Rochdale-based company of 250 people, is so well entrenched in world markets that the UK recession has left it happily unscathed. It makes specialised equipment for the compressor industry and sells more than 90 per cent *of its products overseas.*

The company, owned by Renold, won the Queen's award in the technological section for its development of a new generation of CNC (computer numerically controlled) automatic cutter grinding machines. These sharpen the cutting tools which are fitted on to special milling machines – also made by Holroyd – to make compressor rotors.

Mr Ronnie Kershaw, the company's managing director, says that it took five years to develop the new range, which can control the accuracy of cutter profiles to less than 5 microns (a micron is one millionth of a metre). The previous accuracy level was 20 microns. Not only are the components and the compressors made more efficient, but cutting times are reduced by three-quarters and tool life increased fourfold.

This is not the first time that Holroyd has won a Queen's award. In 1967, it gained one for its high precision rotor milling machine, the first of its kind. This sustained level of technological skill has left Holroyd as one of the few surviving machine tool companies *left in Britain, which once was* a world leader in this sector.

Examples of large and small products made by Holroyd machines



Holroyd's market includes some of the big names of international industry. Among its domestic customers are Compair, Howden, and the UK operation of Ingersoll Rand, a company to which it also exports in the US. Atlas Copco of *Sweden (which has a* compressor division in Belgium). Kobe Steel of Japan, and GHH of Germany are among its foreign buyers. It recently won a £3m order from China, one of its largest ever, and also exports to Scandinavia, South Korea, and South America. It has also won large orders in Russia.

The equipment manufac*tured by the air compressor* companies on Holroyd machines has a variety of uses. They include mining, construction, food refrigeration in large cold stores and on fishing vessels, and ice freezing for skating rinks.

Holroyd's competition is in west Germany, where it is up *against several manufacturers.* The company's new CNC machine, for which it also designed the electronics, allows new designs of compressors to be produced which perform far better than their predecessors. It also enables very high accuracy profile forms to be ground on a wide range of cutter materials ranging from the traditional high speed steel *and carbides to newer* advanced tool materials which are now available.

Andrew Fisher

PneuPAC

Compact breathing machines

KEEPING the patient breathing is an essential task of emergency rescue and hospital services, but respiratory *devices are also needed at* many outside locations where accidents and illness can suddenly disrupt people's lives.

PneuPAC, the small privately-owned company which has won a Queen's technological award for its range of gas-powered lung ventilators, sells its equipment to industry (notably the mining, chemical, shipping, and leisure sectors) and the *military,* as well as to health and ambulance services in Britain and abroad. It claims to be the world's leading manufacturer of small gas-powered ventilators.

There are actually four PAC ventilators. They are designed for use in rescue work (the simplest model), by paramedics, for treatment while in transport, and for anaesthesia *in hospitals (the most complex* model) where they are found in emergency rooms, intensive care facilities, recovery rooms, and operating theatres. About 40 per cent of pneuPAC's lung ventilator sales are made overseas, especially in Japan and Germany.

The ventilators are very economical on gas use, using only 10 ml (millilitres) for every breath delivered. They are also compact, robust and shock-resistant, being designed to withstand tough and abusive use in difficult locations; each product has only one moving part, contained in the high stability pneumatic oscillator. PneuPAC says that its main competition comes from a higher priced German product.

The pneuPAC ventilator system functions by first monitoring the patient's breathing to see if this is at an adequate level.

If this is so, spontaneous breathing is maintained from a demand valve. If breathing becomes inadequate, then automatic ventilation is introduced, synchronised with the last spontaneous breath to avoid "fighting" between the patient and ventilator.

By means of a special high performance gas mixing device, 45 per cent oxygen can be provided over a wide range *of parameters, thus reducing* the demand for supply gases by two-thirds of that required by other products, pneuPAC says. This is especially important where cylinder gas supply is difficult to obtain or expensive.

Set up in 1974, pneuPAC is part of a group of companies called Instruments and Movements which employs 300 people.

Because pneuPAC makes its own component parts, it can combine advanced research and development work with the production of specialist products for unusual applications. For the lung ventilator range, pneuPAC first worked out the present and likely future needs of the overall market and then developed a range of new pneumatic elements to meet these.

Andrew Fisher

THE QUEEN'S AWARDS FOR TECHNOLOGICAL ACHIEVEMENT 1993

COMPANY	LOCATION	PRODUCT OR DEVELOPMENT
B		
BT Laboratories (BTL) Optical Research Division	*Ipswich, Suffolk*	Metal organic vapour phase epitaxy for making semiconductor devices for the optoelectronics industry
Bridon Ropes Brifen Department	*Doncaster, S. Yorks.*	Brifen wire rope safety fence
C		
Castrol, Marine Technology	*Pangbourne, Berks.*	Castrol Marine Cyltech 80 - diesel cylinder lubricant
The Darwen Site of Crown Berger	*Darwen, Lancs.*	Loop Process for continuous manufacture of emulsion polymers suitable for the production of paints and adhesives
G		
Glacier Vandervell	*Kilmarnock, Strathclyde*	Crankshaft bearing materials for highly loaded applications
H		
Holroyd	*Rochdale, Lancs.*	Computer Numerically Controlled (CNC) tool and cutter grinding machinery
Huntleigh Healthcare (Cardiff)	*Cardiff, S. Glamorgan*	A range of pocket diagnostic instruments for vascular and obstetric investigations
I		
ICL Corporate Systems	*Gorton, Manchester*	Series 39 SX mainframe computer systems
Insignia Solutions	*High Wycombe, Bucks.*	SoftPC, software emulation system
Intavent	*Pangbourne, Berks.*	Laryngeal mask for anaesthetics purposes
J		
Joint Replacement Instrumentation	*London W.1*	*Hydroxy-apatite ceramic coated total hip prosthesis*
K		
Kelvin Hughes, a Smiths Industries Company	*Ilford, Essex*	RSR 1000 river radar
L		
Land Rover Power Train	*Solihull, W. Midlands*	200 TDi diesel engine
M		
Martin-Baker Aircraft Company	*Uxbridge, Middx.*	Navy Aircrew Common Ejection Seat (NACES)
N		
NextBase	*Ashford, Middx.*	Computerised route planning systems
O		
Oxford Applied Research	*Oxford*	Reactive atom-radical beam source
P		
P P Payne	*Nottingham*	Supastrip pressure-sensitive adhesive tear tape
Pitman-Moore	*Uxbridge, Middx.*	*Automatic cattle wormer*
pneuPAC	*Luton, Beds.*	*Small portable lung ventilators*
R		
Raychem Limited Corporate Technology Europe	*Swindon, Wilts.*	Heat-shrinkable fabric-based telecommunications splice cases
S		
S & S International	*Berkhamsted, Herts.*	Dr Solomon's Anti-virus Toolkit, an anti-virus program for computers
Smiths Industries Aerospace & Defence Systems - Integrated Display Systems	*Cheltenham, Glouces.*	Multi-purpose cockpit colour display system for high performance aircraft
Solid State Logic	*Oxford*	Digital audio post production systems
T		
Tronic Electronic Services	*Ulverston, Cumbria*	Controlled environment underwater mateable electrical connector
Z		
ZENECA, ZENECA FCMO Grangemouth Works	*Grangemouth, Stirlingshire*	Manufacture of Hexaconazole and Flutriafol, systemic fungicides

Smiths Industries: Kelvin Hughes and Aerospace

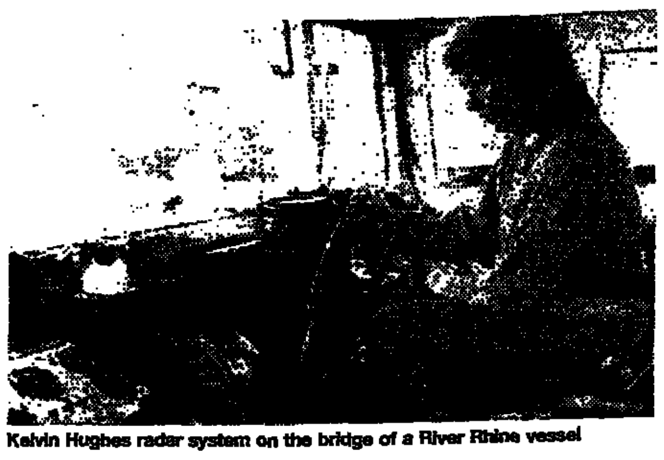
Radar fit for the River Rhine

THE technological links between the broad boats that ply the River Rhine and jet fighters that streak through the skies may not be apparent to most people, but they are clear enough to Smiths Industries which has won two Queen's technology awards for products serving these sectors.

Its Kelvin Hughes subsidiary, the group's naval and marine equipment specialist, was awarded one of them for its river radar system, which was designed to meet the tough new specifications laid down by the Rhine River Authority.

These were introduced in 1990 and since then, the company's RSR1000 river radar has taken a quarter of the market for new equipment on vessels operating on the Rhine and Danube.

The other award went to Smiths Industries Aerospace – Integrated Display Systems for its multi-purpose colour display used on fighter aircraft.



Kelvin Hughes radar system on the bridge of a River Rhine vessel

The MPCD provides a full colour moving map display which is visible in cockpit conditions ranging from direct sunlight to total darkness.

The MPCD functions with a re-designed cathode ray tube which is considerably brighter than on previous models and has sharper definition. Infrared emissions are suppressed by a new optical filtering technique and colour contrast is thus improved and light reflection reduced. The system is also more reliable, with a fourfold improvement to 1,600 operating hours in time between services. The US Navy has selected the MPCD as its standard display.

Kelvin Hughes' river radar system uses a spiral scanned display on its cathode ray tube which gives much better resolution at the short distances where clear vision is vital to safe navigation. It can be mounted on the bulkhead, in a console, or on a table. The picture presents a continuous 150 degree view ahead and a full view astern.

Around 1,000 river radar units have been sold since the product's introduction, says Mr Barry Morgan, Kelvin Hughes' marketing services manager. Most of these are for German and Dutch vessels. The company also hopes to sell into eastern Europe. Now that the Rhine-Main-Danube Canal has opened up inland waterway traffic in central Europe, boats can enter the Rhine from the Danube and thus have to accord with the new rules. Already, there are some 10,000 vessels on the Rhine and those with older radar systems will have to upgrade these at their next refit.

Andrew Fisher

NextBase

Mapping by computers

THE multi-million pound software company which began life in a suburban garage is both the biggest cliché in the computer world and the stuff of Hollywood movies. Fortunately for the four friends who set up NextBase, it is still the stuff which wins awards.

Established in late 1987 with funds of just £32,000, NextBase specialises in mapping software, which can be used for planning routes or analysing geographical areas. The original idea for the software came from Mr Simon Anthony, now marketing director, who perceived a market for a consumer mapping product.

"The only available maps in computer form were very, very expensive," explains Mr Anthony. "But these sort of maps are most useful when you are travelling around in your car, so you can't spend £5,000 to £10,000 on them."

Once the concept was defined the software was written by fellow founder Mr Mark Atherton in a "rather untidy bedroom in Esher".

The company's first official premises were in a converted linoleum factory in Staines. In 1991, NextBase moved into offices in Ashford, Middlesex.

Today the company sells a £50-£60 consumer mapping package for the travellers with an IBM personal computer at home. At the other end of the scale NextBase sells sophisticated analytical maps for businesses which want to plan mailshots, television advertising campaigns or where to put their next retail store. More than 900 of The Times Top 100 companies use NextBase products, as well as 20,000 smaller companies.

For these more sophisticated systems NextBase sees its software as a "front end" to extract information from existing databases. "What many people don't realise is that most databases already actually have addresses, which could be postcodes or postal addresses," points out Mr Anthony.

Data compression is used to minimise the space needed to store the map information and mathematical techniques are used to store data on roads and coastlines.

Moving on from the UK, NextBase also now sells mapping software for France, Germany and Italy and has a pan-European package. Its software, all written in the UK, has also proven a hit in the US. Mr Anthony believes NextBase is unique in being the only British software company to have a product – a computerised map of the US – in America's top 10 selling PC products.

NextBase set up a joint venture called Automap in the US to market its products, and this approach has been central to the company's success.

The royalties NextBase accrues from its US sales account for 10 per cent of its annual revenues of some £4m. Over the past two years revenues have increased by more than 55 per cent and 85 per cent respectively, and have been achieved without the need to raise extra capital.

Building on this success, the company's next products will be detailed street maps of London and 100 US cities.

The need for a continued influx of new blood has not been lost on the four original founders of the company. At 35 years old, Mr Anthony acknowledges he is now one of the oldest people in the NextBase team of 25. The average age of staff in the company is just 25.

Della Bradshaw

THE QUEEN'S AWARDS FOR ENVIRONMENTAL ACHIEVEMENT 1993

Clive Cookson examines the quality – and the paucity – of the first recipients of environmental awards

A wide cross section of green themes

THE inaugural winners of the Queen's Award for Environmental Achievement represent a good cross-section of current green themes. They include products or processes to clean up industrial effluents, reduce air pollution from cars and boilers, fight the greenhouse effect by saving energy, save the ozone layer by replacing CFCs, and cut the use of chemical pesticides.

All 12 winners clearly meet the main criterion laid down for the new award: "a significant advance" offering "major benefits in environmental terms compared to existing products, technology or processes".

They have also achieved commercial success – most spectacularly in the case of Johnson Matthey's autocatalysts, which are world leaders in a global market worth hundreds of millions of pounds a year.

Pilkington's energy-saving glass is also likely to be selling more than £100m a year by the late 1990s.

The contribution that biotechnology can make to environmental improvement is illustrated by the joint award to Agricultural Genetics Company and Horticultural Research International, for developing biological alternatives to chemical pesticides. It will be disappointing if future lists do not include the direct application of biotechnology to clearing up toxic wastes through "bio-remediation" – developing microbes to convert pollutants into harmless chemicals.

The awards also recognise environmental achievement in less glamorous fields than biotechnology. For example Foseco's Foundry Division, based in Tamworth, Staffordshire, has developed a portable, pollution-free foundry for use by the aluminium industry. Metals feature too in the award to BEWT (Water Engineers) for systems that recover metals from effluent solutions.

Replacement of CFCs (chlorofluorocarbons which are responsible for the ozone hole in the upper atmosphere) features in two awards. The UK subsidiary of Ricoh, the Japanese electronics group, has eliminated CFC cleaning fluids from the production of selenium drums for photocopiers, by using ultra-pure water at high pressure before coating the drums.

At the same time, Ricoh UK, based in Telford, Shropshire, is recycling selenium (a toxic semi-metal) from used drums.

Kerry Ultrasonics of Hitchin, Hertfordshire, has developed a water-based cleaning system to replace CFC solvents. The process, which covers all the main industrial cleaning applications, uses ultrasound (at 40 KHz) in a cleaning tank. This enables the fluid to reach small crevices in both sides of a surface.

Sericol of Broadstairs, Kent, also won its award for moving to a water-based system from organic solvents. Sericol, a subsidiary of Burmah Castrol, has a range of water-based screen printing inks which avoid the emission of volatile organic compounds associated with conventional screen inks. Screen printers in the UK alone use 5,000 tonnes a year of organic solvents, almost all of which end up in the atmosphere.

Two of the awards are for improving the environmental performance of cars – the largest single source of air pollution in many countries. One is to Johnson Matthey for autocatalysts. The other is to Ricardo Consulting Engineers of Shoreham, West Sussex, for developing the practical application of "tumbling air motion" in mass-produced car engines.

The effect is to achieve more complete combustion than other systems, leading to improved fuel economy (especially when starting from cold) and reduced emissions of hydrocarbons, carbon monoxide and carbon dioxide.

Edwards High Vacuum of Crawley, West Sussex, wins an award for its "dry" mechanical pumps which have no lubrication or sliding parts. They eliminate at source the contaminated water or oil traditionally associated with vacuum pumps in the chemical industry.

In contrast, solvents can easily be reclaimed from the vapours drawn off from the new dry pumps.

Last year Edwards (part of the BOC group) won a Better Environment Award for Industry from the Royal Society of Arts for the same products. The RSA prizes were the direct inspiration for the new Queen's Award.

Since 1983 the RSA has operated three successive environmental awards schemes, which illustrate the changing attitude toward industry's environmental responsibilities over the last 10 years.

The pioneering Pollution Abatement Technology Awards concentrated on the urgent need for end-of-pipe technology to clean up process industries. Then came the more comprehensive Better Environment Awards for Industry.

That disappears this year, with the launch of the new Queen's Awards. In its place the RSA has started Environmental Management Awards, "to be given for a significant initiative by British management in the pursuit of sustainability which seeks to eliminate the negative impacts of business on the environment while maintaining the long-term viability of the business."

"We wanted to stay ahead of the game," says Mike Harrison, who runs the RSA's environmental awards, "and we decided that the strategic thinking of management at the board level was going to make the impact in future." The first RSA Environmental Management Awards will be announced in June.

The attitude of the environmental group Friends of the Earth to the new Queen's Awards is summarised by Andrew Lees, campaigns director, as "great, but..." He sums up his reservations: "They don't go far enough, they are too narrow in scope and they could be misleading."

Mr Lees thinks the public could be misled – inadvertently or deliberately – into thinking that the shiny Queen's Award emblem was an official endorsement of a company's overall environmental achievement, based on an audit of all its activities, whereas it is actually limited to one specific product, technology or process. In fact, according to Mr Lees, some of this year's winning companies leave a lot to be desired in their attitudes and action on the environment.

On the whole, however, the extension of the Queen's Awards to the environment will be welcomed as another symbol of the greening of the government.

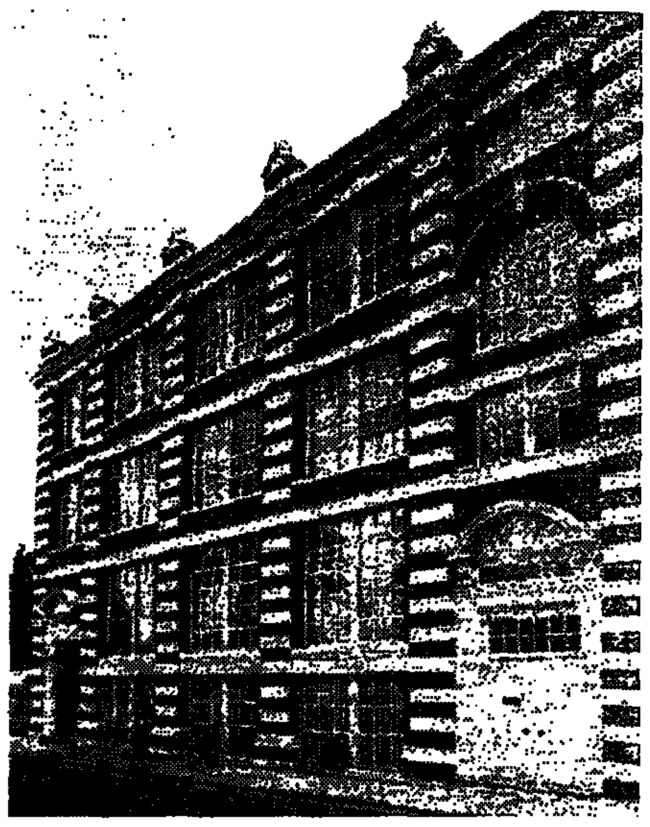
The organisers hope that they will be able to make more than 12 awards next year, without compromising the strict standards that are essential for the credibility of the Queen's Awards.

Privately, they were disappointed that only 5 per cent of this year's 240 applicants were judged to be worthy of an award.

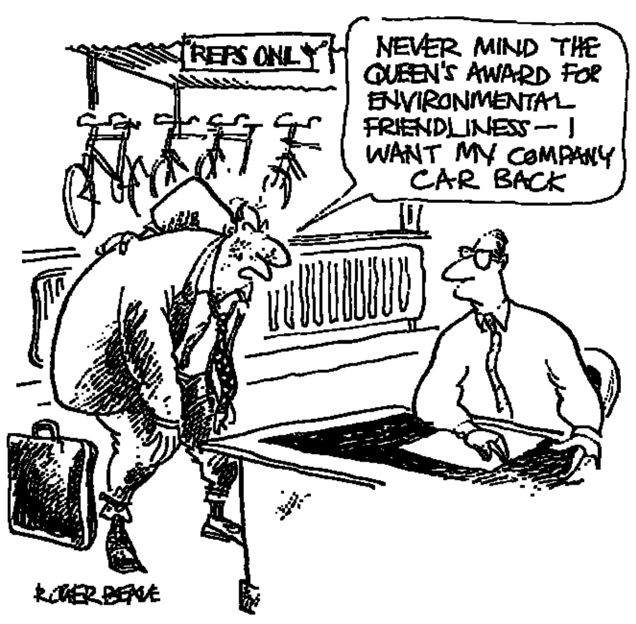
The government will certainly want a better geographical distribution in 1994.

This year's list has a southern orientation with no winners at all in north-east England, Scotland, Wales or Northern Ireland.

Nor are there any awards to environmentally important industries such as bulk chemicals, oil and gas, paper and pulp, mining and quarrying, batteries and energy storage, consumer goods and packaging.



Pilkington K glass at the Greenpeace HQ (see next page)



COMPANY	LOCATION	NAME OF PRODUCT OR PROCESS
A		
Agricultural Genetics Co, MicroBio Division	Royston, Herts	Development of insect pathogenic nematode products as alternative to synthetic pesticides
B		
BEWT (Water Engineers)	Alcester, Warwicks.	Chemelec electrolytic metal recovery systems for the control of industrial pollution
E		
Edwards High Vacuum International	Crawley, West Sussex	DP160V chemical dry pump, which reduces polluting emissions in the chemical processing industry
F		
FKI Babcock Robey	Oldbury, West Midlands	Development of the "EURONOX" high efficiency low NOx emission range of steam and hot water boilers
The Non-Ferrous Metal Treatment Team of the Foundry Division of Foseco (F.S.)	Tamworth, Staffs	The rotary degassing of aluminium and its alloys in the foundry industry
H		
Horticulture Research International	Wellesbourne, Warwicks.	Development of insect parasitic nematode products as alternative products to synthetic pesticides
J		
Johnson Matthey Catalytic Systems Division	Royston, Herts.	Autocatalysts for the control of vehicle exhaust emissions
K		
Kerry Ultrasonics	Hitchin, Herts.	Development of cleaning systems in which ozone-depleting CFCs are replaced by environment friendly aqueous and semi-aqueous cleaning liquids
P		
Pilkington Glass Limited (Basic Glass)	St Helens, Merseyside	Pilkington K Glass - an energy saving glass
R		
Ricardo Consulting Engineers	Shoreham-by-Sea, W. Sussex	Tumbling air motion in gasoline engines for cars
Ricoh UK Products	Telford, Shropshire	Recycling and CFC elimination in selenium drum production
S		
Sericol	Broadstairs, Kent	Water-based screen printing inks

FKI Babcock Robey

Boilers that make the air less noxious

FKI Babcock Robey, based at Oldbury in the West Midlands, won an environmental achievement award for developing the Euronox range of low-emission high-efficiency boilers.

The boilers, which can burn gas or oil, are designed for general industrial and commercial purposes in the 1 MW to 30 MW range. They cut emissions of nitrogen oxides (NOx) by 55 to 60 per cent, while improving operating efficiency by 2 to 3 per cent.

NOx is one of the main ingredients in industrial air pollution. Along with sulphur dioxide, NOx causes acid rain. In damp winter conditions it can lead to a corrosive acid fog such as London experienced in December 1991, aggravating asthma and other respiratory conditions. And in summer sunshine NOx undergoes a photochemical reaction with hydrocarbon pollutants, which lead to Los Angeles-style smog – a toxic mixture of ozone, NOx, hydrocarbons, carbon monoxide and other pollutants.

Although vehicle emissions have become the largest source of NOx in most industrialised countries, steam and hot water boilers such as those made by Robey are an important contributor.

Robey, boiler manufacturing subsidiary of the FKI engineering group, started developing its low NOx technology about three years ago, says Andy Michel, managing director. The Euronox range was launched 18 months ago.

"We don't know of any other manufacturer in Europe that has anything like our performance figures for NOx and for efficiency," Mr Michel says. The new boilers are working better than Robey engineers had predicted, he adds, "and we don't yet know why".

But in general terms the reason why Euronox boilers produce less pollution than their conventional equivalents is that their combustion conditions are less intense. In technical language, they use a two-stage temperature reduction system to cool the recirculated gas prior to its injection into the burner fan inlet.

As a result, Euronox boilers are larger than normal, with more elaborate pipework and controls. "There is a price premium for the technology of about 15 to 20 per cent," Mr Michel says. "But if you look at the customer's actual cost of ownership he will get a pay-back in about a year as a result of the increased efficiency."

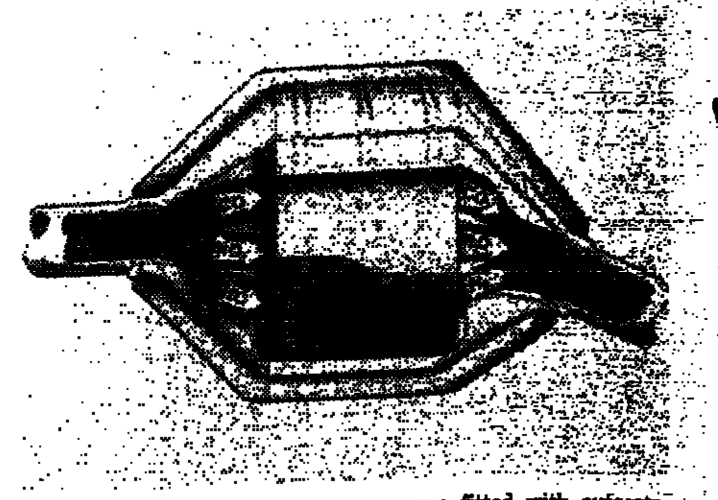
A typical Euronox system with three 5 MW boilers has been running for six months at Nottingham University, where it supplies all hot water for the main campus. Its gas-fired operating efficiency is 82¼ per cent – compared to 80 per cent expected for the best conventional boilers. And its NOx emissions are 35 parts per million, rather than 100 ppm.

Robey engineers are now working to extend the Euronox technology, both upwards to the huge boilers required to make steam in power stations and downwards to the household boilers used for domestic hot water and central heating.

Clive Cookson

Johnson Matthey

Filter-tipped cars



JOHNSON MATTHEY, the world's largest manufacturer of autocatalysts to remove pollution from car exhausts, has won two awards: for exports and environmental achievement, writes **CLIVE COOKSON.**

The company used its background in precious metals to develop catalytic converters in the early 1970s, in anticipation of legislation in the US and Japan to limit exhaust emissions of carbon monoxide, hydrocarbons and nitrogen oxides (NOx). These gases are important contributors to acid rain and photochemical smog and they exacerbate health problems, especially respiratory disorders.

Autocatalysts contain a cylindrical honeycomb coated with precious metals (typically platinum and rhodium) which convert the pollutants, by means of chemical reactions on the metal surface, to a relatively harmless mixture of carbon dioxide, water and nitrogen. Johnson Matthey won a Queen's Award for Technological Achievement in 1977 for its autocatalyst research and development.

Since then researchers at the Johnson Matthey Technology Centre near Reading, Berkshire, have considerably improved catalytic performance, so that today's autocatalysts typically reduce harmful exhaust emissions by 90 per cent.

The company has steadily geared up its marketing and manufacturing operations since the 1970s, to build on its technological expertise and the sales opportunities presented by the ever-tightening pollution controls around the world. Since January 1993, autocatalysts have had to be fitted to all petrol-engined cars manufactured in the EC.

Johnson Matthey now makes 20m autocatalysts a year at five factories: Royston in the UK (world headquarters of the catalytic systems division); Brussels in Belgium; Pennsylvania in the US; Sydney in Australia; and Johannesburg in South Africa. The company says it has about one third of the world market – ahead of Engelhard, the US precious metals company which is its closest competitor. Last year Johnson Matthey's worldwide sales of catalytic systems amounted to about £210m.

Although Johnson Matthey sells autocatalysts to Japanese car manufacturers for their plants outside Japan and for export production, it has not really succeeded in penetrating the Japanese domestic market, which is supplied by local catalyst companies. "In an effort to work more closely with the Japanese manufacturers, we're opening a technical centre in Japan for the first time next October," says Mr Rob Searles, market development director of Johnson Matthey Catalytic Systems.

Many further improvements in catalyst technology are in prospect. One is simply durability. US regulations will soon require autocatalysts to have a proven lifetime of 100,000 miles rather than the 50,000 miles required today.

Another big research effort is to make catalysts that will work more quickly when the car starts from cold. Johnson Matthey has developed prototype autocatalysts incorporating an electric heater which enables them to operate efficiently within a few seconds.

Johnson Matthey expects catalysts for diesel exhaust to be a further growth area. An increasing number of diesel cars are fitted with autocatalysts in Europe although they are not required by EC regulations, "because manufacturers have decided they are a good part of their environmental marketing package," says Mr Searles. "They are now spreading to larger diesel vehicles including buses."

Pilkington

Glass that keeps the heat in

PILKINGTON, the giant UK glass manufacturer, claims also to be the country's largest maker of energy saving products. One of those products, K Glass, has won the Merseyside company an award for environmental achievement, writes **CLIVE COOKSON.**

K Glass is an energy saving glass which reduces heat loss through a single glazed window by 70 per cent. In a double glazing unit it gives better insulation than triple glazed ordinary glass.

In addition, because K Glass is such an efficient insulator – equivalent to a brick wall nine inches thick – architects can specify larger areas of window, to make full use of daylight and save more energy.

Domestic heating is the biggest polluter in terms of carbon dioxide emissions, which are the prime cause of the greenhouse effect and global warming. Buildings as a whole (commercial and residential) account for half of UK primary energy use, and 60 per cent of this is in houses.

Pilkington calculates that if all the country's single glazed homes were double glazed with K Glass, £1bn worth of energy would be saved every year. This would reduce CO_2 emissions by 11m tonnes – or 6 per cent of all CO_2 emissions associated with buildings.

K Glass can be made directly on a float glass production line. Previously, low-emissivity glasses had to be coated in a secondary process, which added greatly to their cost and reduced their performance. K Glass has a colourless scratch-resistant coating and is virtually indistinguishable from ordinary glass; no special handling is required.

Ordinary window glass is an excellent radiator: in a warm room it absorbs heat and radiates it from the colder outside surface. The low-emissivity coating on K Glass converts the window into a poor radiator: instead the heat is reflected back into the room.

But the coating does not reduce the amount of short-wave radiation coming into the room from the sun. This energy is absorbed by the walls and floors and re-radiated in long-wave form – which is reflected back by the K Glass.

The technical achievement of K Glass is reflected by its success in the market. Sales have increased by 50 to 100 per cent a year since its launch in 1990 and are expected to be about £30m in 1993. One of four float glass lines at Pilkington's St Helens factory is now devoted full time to K Glass production. Greenpeace, the environmental pressure group, was an early user of K Glass for its London offices. Many local authorities are specifying it.

Pilkington has also licensed the low-emissivity technology to PPG and St Gobain, the largest glassmakers in the US and France respectively.

Agricultural Genetics Company

Little worms that commit insecticide

TINY worms which kill insect pests have won a joint environmental achievement award for Agricultural Genetics Company, an independent biotechnology company based in Cambridge, and Horticulture Research International, the state-backed agency responsible for fruit and vegetable research, writes **CLIVE COOKSON.**

AGC's MicroBio subsidiary has been working for six years with HRI's Littlehampton research station in Sussex to develop natural pesticides based on nematode worms. The first two products were launched in 1989/90: Nemasys against glasshouse sciarids and Nemasys H against vine weevils. Both insects are important horticultural pests, particularly of nursery stock.

The Nemasys products are in the forefront of what is likely to be a huge wave of biopesticides introduced over the next decade. Their environmental advantage is that, unlike synthetic chemical pesticides, they do not leave harmful residues in crops and water supplies.

Worldwide sales of biological pesticides were worth about \$120m last year – only 2 per cent of the figure for chemical pesticides. Industry predictions put the biopesticide market in 2000 in the \$500m to \$2bn region.

So far the emerging market has been dominated by products based on Bacillus thuringiensis, a naturally occurring bacterium that makes an insect-killing toxin. The AGC-HRI partnership has lead the way on nematode-based insecticides, though a Californian company, Biosys, is about to launch a competitive product.

The achievement of AGC and HRI researchers has been to identify nematode strains with specific activity against their target pests and then develop a technique for mass-producing the microscopic worms by large-scale fermentation.

Nemasys is sold in packs, each containing at least 50m juvenile worms in a moist, inert carrier which is applied to the compost or soil around the plants. There the nematodes seek out and kill insect larvae (to be precise, the actual killing is done by symbiotic bacteria that live inside the worms). The nematodes reproduce inside the dead insect as it decomposes and release a new generation of juveniles which move off into the compost in search of more prey.

The next target for the AGC-HRI nematodes will be the flies that feed off cultivated mushrooms, the most valuable horticultural crop in the UK. A new Nemasys product is being introduced this year for biological control of sciarid flies in mushrooms. If it is adopted instead of chemical insecticides, it will remove the environmental problem of disposing of 650,000 tonnes a year of spent pesticide-laden mushroom compost.

AGC is also working with the Agriculture and Food Research Council's *Long Ashton* Research Station to develop biopesticides to control slugs and snails.

Production of the slug control nematode has reached the pilot plant stage and it is expected to reach the market in two to three years, after extensive field trials.

"We are confident that our natural product will be as effective as chemical control methods at a competitive cost to users," says Peter Innes, AGC MicroBio director.

Ford's new 'Asset'

The opportunity to obtain a university degree by demonstrating a number of practical abilities, such as developing a new wiring system, is being offered by Ford UK.

The BEng degree – developed as part of the "Asset" initiative funded by the Department of Employment – is part of a wider joint effort to make education more relevant to industry.

From this year the degree in engineering will be awarded by Cheltenham-based Anglia Polytechnic University (APU), based mainly on a Ford employee's portfolio of work experience.

John MacDonald, a senior lecturer at APU who has been on secondment to Ford for several years, says APU has offered combined technology courses to Ford engineers for some years.

Participants, who took up to four years on day-release to gain a degree traditionally, had to have some formal qualifications, such as a Higher National Diploma.

Under the new scheme the work-experience of the student is accredited. A degree is made up of a total of 360 credits with up to 240 of these allowed to come via the accreditation route. "We would expect an individual to study on day-release for at least two years," says MacDonald.

About a third of the 3,500 engineers at Ford's research and development plant at Dunton, near Basildon, have an engineering degree. The company hopes that by 1997 this will have risen to 50 per cent.

This is all part of a wider upgrading of workforce skills by Ford, says MacDonald. "Ford is now becoming a company that helps to educate its employees – rather than just offering them training."

The Asset initiative is funding 12 projects, all – except Ford's – developed by universities or polytechnics. The projects are all pilots but many of the ideas are likely to be taken up by the government which is intent upon extending vocational routes into higher education.

Lisa Wood

Sir John Harvey Jones is popular with the punters, but is his reputation justified, asks **Lucy Kellaway**

Self-styled hero in a kipper tie

"HOW shall I describe you in the picture caption?", the FT photographer asks Sir John Harvey Jones.

Ex-ICI boss? Troubleshooter? Philanthropist? Best selling author? Showbiz personality? One man think-tank for Britain plc? Protector of wildfowl? Chairman of the Economist?

"Businessman," he replies. "It's a title of honour, and it's all I want to be. But if you want to be really nice you could call me manager as well."

Looking quite at home with the pony-tailed media set at London's Groucho Club, Sir John is being modest. Yet such modesty seems out of place from perhaps the best-known manager Britain has had.

Every week Sir John gets letters from hundreds of "poor buggers" wanting advice on how to run their businesses. Companies clamour to have him on their boards: there was a time when he felt insulted if a day went past without a fresh invitation. Next week he publishes yet another business book, described by its publisher as a "bible of 90s management".

But how good has his record really been? Does it justify so much fuss? Sir John foils all such inquiry by complaining that he has never set out to solve everyone's business problems. He insists that he is no management consultant, and when it comes to his own record – well, he has made "every mistake in the book".

In any case, to criticise Sir John's past adds grist to his mill: the problem with the British, he never tires of saying, is that they hate business and hate success. He might further argue that any examination of his own history misses the point: he is not setting himself up as a perfect businessman, but championing a cause.

"Bad management lies at the root of all this country's problems," he says. "We need management heroes to make it seem exciting and glamorous." He reckons that at the moment he is doing the job almost single-handedly, with a bit of help from Richard Branson.

And as management hero he is superb. More than 3m people watched him deliver painful home truths to companies in his Troubleshooter television series. The British may hate businessmen, but they love a character, and Sir John, with his wayward appearance and even more wayward vocabulary, has made sure he is that.

At ICI, the long-haired ex-boss is remembered by the top people with mixed feelings. Indeed, Cecil (now Lord) Parkinson once said that the best way to cause a silence at an ICI lunch was to say something nice about Harvey Jones.

Much of that antipathy is jealousy. ICI is a grey-suited organisation whose retired directors are meant to grow dahlias quietly, not to take on the problems of British manufacturing single-handed. Sir John quotes with glee his successor, Sir Denys Henderson, prudishly telling someone that appearing on the Wogan chat show was not how he saw the duties of the head of ICI. "My peers think there is something disreputable in what I do," Sir John says.

They also feel resentment that he received the credit for a turnround in profitability at ICI that was not altogether his doing. Sir John became chairman in 1982, close to the bottom of the cycle, and left five years later, just before the top. His predecessor, Sir Maurice Hodgson, had done the hard part first, and had made a third of the workforce redundant without losing a single day's work. One rarely hears of Sir Maurice now.

simplified committees and decentralised the organisation, passing power down the line.

Some argue that the process, although desperately needed, went too far. "The board began to lose touch with what was going on. Denys Henderson has had to push the pendulum back the other way," says Stuart Wamsley, a chemicals industry analyst. A new tier has subsequently been set up beneath board level to provide a stronger link to the divisions.

Sir John also took a hard strategic look at ICI, boldly moving the company out of oil and out of some polymers. He also embarked on a £2bn-plus spending spree on speciality chemicals companies – which recently has been judged a mistake and has been partly undone. The idea was that speciality chemicals would offset the cyclical commodities business, but ICI found its management style clashed with that needed to run smaller entrepreneurial companies, and the new division saw its profitability fall to nothing. The experiment casts doubt on whether ICI really knows how to modernise itself – the latest scheme being to cut itself into two.

The British may hate businessmen, but they love a character, and Sir John, with his wayward appearance and even more wayward vocabulary, has made sure he is that

With the firing done, Sir John had a head start in one of his main tasks at chairman, to get costs under control. In this he was largely successful and some argue that ICI's cost competitiveness has slipped a little since he left, although Sir Denys might well blame the cycle again.

Not being responsible for the lay-offs also helped him become a hero with the workforce. One analyst recalls a visit to ICI on Merseyside in the early 1980s and being told by the workers that the new chairman came on to the shop floor to talk to them and that they would follow him to the ends of the earth.

Sir John will also go down in history as the man who took on ICI's bureaucracy. Before his rule, almost a year might pass between an investment plan being put forward by a divisional chairman and the board taking the final decision. He cut out many layers, halved the number of directors on the board,

What does Sir John make of all this? As ever, he professes ignorance about what has happened at ICI since his departure, but his refusal to comment smacks more of disapproval than of a desire to let the present management get on with it. "Companies always have a tendency to add levels," he says, shaking his head.

As far as his acquisitions go, Sir John is unrepentant. "The alternative was to have invested more in heavy chemicals," he scoffs, as if any fool should have been able to see he had done the right thing. And on the bisection of the company, well, he thought of it himself.

He does admit to some mistakes at ICI, though these were mainly of timing: "There were a number of things that we did, but did too slowly," he says. "We should have got out of oil sooner."

Sir John is a little quicker to own up to shortcomings as a non-executive director. Despite the hundreds of posts offered and despite the lengthy advice he gives on the subject in his first book, his record is middling. Three of the four positions he has taken up since leaving ICI have been fraught with problems.

He was non-executive chairman of the now bankrupt Burns Anderson, overseeing a master plan of expensive acquisitions in recruitment and financial services, carried out at the top of the market. He sat on the board of GPA, the aircraft leasing company, during its spectacular journey from a proposed £1.5bn listing last summer to its present struggle for survival. At Nimbus records, the idiosyncratic maker of CDs, Sir John's directorship lasted only a few months. "The best thing he did for us was introduce us to Peter Laister, who took over from him," says Nimbus joint founder, Gerald Reynolds.

In the case of both Burns Anderson and GPA, Sir John says he joined the board "primarily because I knew and liked the people". At Burns Anderson he admits that "we were caught by trying to expand too fast". At GPA the problem was putting off for too long its transition to a public company. For this Sir John accepts no responsibility: "I was urging it to go earlier than it did."

At Grand Met and The Economist his non-executive jobs have been happier. From the time when he tap danced on the table during a stuffy Economist dinner – under the uncomfortable gaze of the editor Rupert Pennant Rea – he has been welcomed as a rejuvenating force.

Meanwhile, most of the Troubleshooter companies which subjected themselves to a televised flogging seem to have enjoyed and benefited from the experience. Their reports on him share common themes: he is long on charm, long on charisma and common sense. He is short on detail, short on understanding of small business concerns and hard to shift once he has made up his mind.

"He drew quick and intelligent conclusions – although things were not always quite as simple as his projections," says Bob Wales of Tolly Cobbold, the Suffolk brewery. According to David Sugden of Double 2, the shirtmaker, Sir John "didn't quite get to grips with what our business was about. But he was good for us. He didn't tell us anything we didn't know, but he laid a challenge".

Only the Morgan Motor Company refused to follow his advice to expand – a course of action which Sir John cites as evidence of the poverty of ambition of small and medium-sized British companies.

Trevor Humphries

Sir John Harvey Jones: 'Businessman is a title of honour, and it's all I want to be'

Whether successful or not, his Troubleshooting days are over, and his corporate days are also numbered. Seventy next year, Sir John plans to retire all his posts. That will leave him more time to do what he is really good at – selling business to the greater public and writing clear books on management.

This makes him no management guru in the traditional sense. As John Kay of London Business School, says: "He is not a Henry Ford or Thomas Edison. In this country there is no serious science of management, but in the absence of that a sensible person offering sensible views is the best you can hope for."

But Sir John is more than that. The same team who produced Troubleshooter have just made an equally sensible lookalike series called The Adventurers without Sir John, but the result was dull. There was a great vacuum where the kipper tie and the boys' comic expletives should have been.

BUSINESS AND THE ENVIRONMENT

Irradiated helicopters lie abandoned to spare part scavengers in a field more radioactive than the Chernobyl sarcophagus

Waiting for the next Chernobyl

Fresh research shows that more radiation was released than previously thought, finds **Chrystia Freeland**

For most Ukrainians, the 1986 Chernobyl nuclear accident was the final indictment of Soviet rule. Kiev citizens are still bitter about the infamous May Day parade, in which their children were required to march outdoors while the reactor core still burned less than 150 km to the north.

"The Chernobyl accident shattered my final illusions about the totalitarian system," says Iuri Kostenko, Ukraine's reformist minister of the environment. "Now, independent Ukraine has been stuck with the bill for Chernobyl."

According to new scientific research, that bill may be even higher than was previously thought. Ukrainian officials recently estimated the death toll related to Chernobyl at 8,000 so far, and Kostenko estimates that the health of two-thirds of Ukraine's 52m people has been harmed by the accident.

But Ukrainian and western researchers scientists claim that more radiation was released than previously believed and that ineffective clean-up measures pose grave dangers. According to their findings, thousands of tonnes of material dropped by helicopters over the burning reactor core during the first 10 days after the accident was off target. Consequently, the fire was not extinguished but simply burnt itself out.

Alexander Burovoi, head of the permanent team researching the accident, and Alexander Sich, a student of nuclear engineering at the Massachusetts Institute of Technology, say that because the core burnt freely for 10 days, more radioactive particles were released than previously thought.

"The material dumped by helicopter could not have extinguished the fire because visual evidence and chemical analysis of the melted core show that it did not get into the reactor shaft," Sich says.

Sich and Burovoi estimate that at least 35 per cent of the radiocaesium and 50 per cent of the radioiodine in the core were released. These figures are double and in some cases triple those reported by the Soviet government in 1986.

The new conclusions drawn by Sich and Burovoi have particularly worrying implications for the 600,000 people involved in the clean-up. They were close enough to the reactor core as it burned to have been affected even by those released radionuclides which have relatively short half-lives.

Moreover, the new research undermines a central tenet of the *official version of the Chernobyl* clean-up campaign: the cult of the brave "liquidators" who took action to put out the fire and whose youthful deaths are honoured at a museum in Kiev. "Saying the materials dropped by helicopter did not land in the reactor shaft has a great psychological significance," Burovoi says. "Think about all the radiation those firemen and pilots were exposed to and all of it for naught."

Scientists also point to two potential dangers caused by measures to contain the accident. One is the steadily rising ground water around the Chernobyl complex. To prevent radioactive particles from seeping into the Prypiat river, an immense concrete wall, known as the Casa Grande, was built 30 metres into the ground between the reactor and the riverbank.

The unpredicted result, according to Sich, is that the Casa Grande is acting as a sort of dam for the ground water, which has already climbed into the bottom of the damaged fourth reactor and is only 1.5m from the melted core.

The second danger is the concrete sarcophagus built around the core. Constructed at a distance while the core still emitted large amounts of radioactive particles, it is a shaky, *haphazardly built structure*.

According to Mykola Steinberg, head of Ukraine's atomic energy regulatory agency who was chief engineer at Chernobyl for the first 10 months after the accident: "From an engineering stand-point, no one can tell you what will happen to the sarcophagus in the next half-hour."

Despite these revelations about the effects of the accident and the continuing danger Chernobyl presents, Ukrainian legislation calling *for a total shut-down of the reactor* by the end of the year is increasingly being questioned by the local nuclear lobby.

One objection, raised by Mykola Sorokin, director of the Chernobyl complex, is that it is dangerous to close down a reactor in haste. "It takes five years to properly prepare a nuclear reactor to be shut down," he says.

Sorokin raises another issue which strikes a more populist chord. In 1991 the three reactors at Chernobyl unaffected by the accident produced 5.2 per cent of Ukraine's electricity, the equivalent of 6m tonnes of oil.

At a time when Russia is raising oil prices and restricting supply, Sorokin's argument has growing force, but the Ukrainian leadership *is still committed to shutting down* Chernobyl by the end of this year.

While many Ukrainians still cross-examine vegetable sellers to ensure their food comes from nowhere near Chernobyl, at the nuclear power station – where reactors one and three still hum along in the shadow of the sarcophagus – it is business as usual.

The Chernobyl management has even created a special pennant bearing the Chernobyl logo and commemorating the 15th anniversary of nuclear power in Ukraine.

Typifying the peculiar world view of the Chernobylites, Sorokin pays his workforce what the uninitiated might take for a back-handed compliment. "Our technicians are much better than their western counterparts," Sorokin boasts. "Our personnel need to compensate for problems with our technology through their own additional skills."

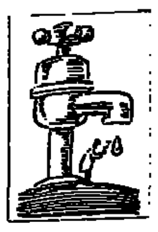
Sorokin insists a second Chernobyl is impossible at any of the reactors of the same type in the former Soviet Union, citing 3,400 modifications since the accident. Oleksandr Berezin, chief operator at the third block, disagrees. He says only 70 per cent of the flaws have been corrected.

Still, he believes fatalistically that *the Chernobyl reactor should be* kept running because "you cannot make the ecological situation worse than it is already".

WORLDWIDE WATER

A source of future conflict on the Nile

Growing need could lead to war, says **Emma Tucker**



IN 1978, the late President Anwar Sadat of Egypt warned that if anyone, at any moment, thought to deprive Egypt of its "life" the country would not hesitate to go to war.

He was referring to the Nile, the world's longest waterway, which provides Egypt with more than 90 per cent of its water requirements. The country is now using every last drop of water available to it and the prophecies of war *still* loom.

Only recently, Boutros Boutros Ghali, former foreign minister of Egypt and now secretary general to the United Nations, said the next war in the Middle East would not be over politics, but over the waters of the Nile.

"In the next few years the demographic explosion in Egypt, in Kenya and in Uganda will lead to all those countries using more water; unless we can agree on the management of water resources we may have international or inter-African disputes," he said.

The one existing treaty on the allocation of Nile waters – the Nile Waters Agreement – was signed in 1959 and binds only Egypt and Sudan. According to engineers in the region, both countries stick to its stipulations which allocate 55.5bn cubic metres of water to Egypt a year and 18.5bn cubic metres to Sudan, although Egypt regularly borrows water from Sudan. The official allocation is based on estimations of a mean annual discharge of 84bn cubic metres, with about 10bn reckoned to be lost in evaporation and seepage from Lake Nasser, behind the Aswan dam in Upper Egypt.

Ironically, internal conflicts in Sudan, Uganda and Ethiopia have probably done more to forestall inter-state conflicts over the Nile waters than the NWA. Peter Moszynski of Africa Confidential, the *respected African newsletter*, says that "political settlements in these countries are likely to lead to much increased demands on the basin's water, especially in Ethiopia, and without a general regional agreement on water usage, conflict is almost certain to increase".

Understanding the source of potential conflicts in the Nile basin requires a look at the route of the waterway. The Blue Nile, which flows from Lake Tana in the Ethiopian highlands, contributes, together with other tributaries, about three-quarters of the main Nile flow. The rest of the water comes from the White Nile which flows through Uganda and southern Sudan.

Civil war in Ethiopia means that extensive irrigation and hydropower generation plans, which could involve damning the Blue Nile, have gone back to the drawing board. Such plans require vast quantities of water and, if implemented, could threaten Egypt's well-being.

Exacerbating tensions is the steady increase in the populations of the Nile basin states. The combined populations of Egypt, Ethiopia and Sudan alone are expected to be about 170m by the end of the century. This will necessitate increased food production and agricultural expansion, which in *turn will require more water*. But in Egypt the needs of the growing population are already damaging *water quality. A plan to increase* the output of the Nile has been on hold for almost 10 years, also as a result of civil war, this time in Sudan.

Completion of the Jonglei Canal, designed to drain the Sudd swamps of southern Sudan, has been *prevented* by political instability. The project, while angering conservationists, would have lowered the large amount of water lost through evaporation, opened up the area for agriculture and released more water for irrigation in northern Sudan and Egypt. There is no hope of the project being completed until after a settlement between the north and south of Sudan.

At the same time, Moszynski points out that settlement of the war will invariably lead to greater demand for water in Sudan, particularly if the south separates from the north, another source of concern for downstream areas.

Meanwhile, a shortage of water in Egypt would intensify the environmental problems the country faces as a result of the frequency with which the existing water supply, particularly groundwater, is reused.

John Hennessey, president-elect of the International Commission on Irrigation and Drainage, says the sustainability of recycling irrigation through the aquifer is questionable. "Water that gets into the ground has been through the irrigation system so it is laced with fertilisers and nitrates. There is very little rainfall which would normally have a cleansing effect on the aquifer," he says.

The sensitivity of water supply in the Nile basin is not an issue that is going to go away. Only last week it was reported that Sudan was threatening to eject Egypt's water management team, based in Sudan to check on the flow of the Nile waters.

Talk of war may, for the moment, be far-fetched, but as long as the populations of the Nile basin keep growing, the present accords governing the allocation of the Nile waters may not be sufficient to keep the peace.

PEOPLE

Succession settled at Hammerson

Sydney Mason, the most notable survivor of the post Second World War generation of property tycoons, yesterday announced that he would relinquish the chairmanship of Hammerson this summer, after 44 years with the group.

He is being succeeded by Geoffrey Maitland Smith (right), chairman of Sears and deputy chairman of Midland Bank, who has been a non-executive director of Hammerson since 1990.

The company also announced that Ronald Spinney (far right) has been appointed as chief executive from May 1. He will take over from John Parry, the group's managing director, who will retire at the agm in June. Spinney was a founder of Greycoat, a development company that specialises in London offices, where he was deputy chairman and joint managing director *until he resigned in February 1992. He is a* non-executive director of the London Docklands Development Corporation.

Mason, 72, said he was stepping down at a time when the group was experiencing the worst property downturn he had seen. "After 40 years when we have had a a sustained growth in value, dividends and share prices, to go out at the bottom is sad." This property recession was "much more severe and much tougher in duration" than any that had preceded it. The scale of the collapse had been "totally unforeseeable", he said.

Mason, who will become a non-executive director and life president of Hammerson, began his career as a manager at Land Securities in 1943. He joined Hammerson in 1949 and succeeded Lew Hammerson as *chairman in 1958*.

Mason took the company into overseas markets in the 1960s, making Hammerson the most international of the UK property groups. The company's best-known project is Brent Cross, in north London, which became the UK's first regional shopping centre when it was opened in 1976.

■ **Vahid Daemi**, formerly finance director of Grand Metropolitan's retail property division, has been appointed finance director of LEASE PLAN UK.

■ **David Walburn**, formerly md of GLE Development Capital, has been appointed chief executive of GREATER LONDON ENTERPRISE.

■ **Brian Moody**, formerly md of Burtons, has joined the board of THORN EMI UK Rental as operations director of Rumbelows.

■ **Philip Mengel**, ceo of Glen-Gery Corporation, has been appointed to the board of its IBSTOCK JOHNSEN parent.

■ **Professor D E N Davies**, vice-chancellor of Loughborough University of Technology, is to take over from Sir Ronald Oxburgh as chief scientist at the Ministry of Defence.

Davies, who is known universally as Den, has a background in electrical engineering research, with particular interests in radar, antennae and fibre optics – subjects with important defence applications. Oxburgh, in contrast, is a geologist.

The MoD post is the second most important chief scientist's job in Whitehall, after the prime minister's scientific adviser, because defence still consumes more than 40 per cent of all government spending on research and development. Davies is already familiar with this, as chairman of the Defence Scientific Advisory Council and a member of the Defence Research Agency Council.

Loughborough University has enjoyed strong growth in student numbers and research income during the five years in which Davies, 57, has been in charge. Its reputation for excellence has spread well beyond physical education and sports science.

Davies will move from Loughborough to Whitehall at the end of September.

More power for Sir Colin Southgate

Sir Colin Southgate, chairman and chief executive of Thorn EMI, is adding to his already full agenda by accepting the chairmanship of PowerGen, the smaller of the two privatised electricity generators, where he has been a non-executive director since the company was formed in 1990. He succeeds Sir Graham Day, who steps down at the agm in September.

Sir Graham, who is steadily reducing his many other commitments at the top of British industry, had intended to leave PowerGen in March, according to chief executive Ed Wallis. "But he held on until the uncertainties over recontracting quietened down a bit."

Wallis goes on: "It was always our wish that his successor would be someone already on the board with whom we knew we could work and who knew the business." Indeed, the board of PowerGen has been quite a tight-knit circle, with Sir Graham on the board of both Thorn (since 1990) and of Laird, whose chairman and chief executive John Gardiner is in turn on the board of PowerGen.

Wallis says that Sir Colin will probably spend a bit more time with the company than did Day who, among his many commitments, was chairman of British Aerospace until last May. "We would welcome that." In order to do so Sir Colin will probably have to reduce other outside commitments. As well as combining the top roles at Thorn, he is a director of the Bank of England (a position he has no intention of relinquishing), and has a number of other non-executive directorships and educational and charitable posts.

"We are entering a different phase," Wallis points out. "Until now we have been much concerned with recontracting and relations with government in general. Now the priority is on diversifying the business." Sir Colin is generally seen as having done a good job in disposing of non-core businesses at Thorn, though *at least* one of his purchases, that of Virgin Records where he was criticised in some quarters for paying too dearly, was more controversial.

New chairmen in insurance

Sir Christopher Benson, the property developer, is to become the new chairman of Sun Alliance, one of the country's biggest insurance companies. Sir Christopher, now 59, takes over from Henry Lambert, who will retire at the company's agm next month. Lambert, who is 67, has been a director since 1972 and chair*man* for the past eight years – a period of mixed fortunes for the group.

Sun Alliance saw spectacular growth in its financial strength in the late 1980s, as a result of the boom in the UK equity and property markets, to which the group was heavily committed as an investor. More recently, however, the company has been hit badly by losses from mortgage indemnity insurance as a result of the slump in the housing market.

Sir Christopher, who has been a director since 1988 and *who recently resigned as chair*man of MEPC, the property group, retains his chairmanships of Boots and The Housing Corporation, and less happily, his membership of the Lloyd's insurance market, where, like many other Names, he has been hard hit recently.

■ **William Berry** was appointed chairman of Scottish Life at yesterday's agm. He takes over from Hamish Glen who will remain on the board as deputy chairman.

Berry, formerly deputy chairman, is the senior partner of Murray Beith & Murray, and a director of Scottish American Investment Company and Fleming Continental European Investment Trust.

Alastair Muir

Sonia Ritter, Shirley Henderson and Julie Legrand

Theatre/**Andrew St George**

Lion in the Streets

The Canadians are coming. Now, Judith Thompson's perplexing play *Lion in the Streets* replaces Brad Fraser's thriller *Unidentified Human Remains and the True Nature of Love* at the Hampstead Theatre. Both are fractured works, high on impact and low on plot. Thompson's play presents civilisation and its discontents; it makes strange, compelling drama.

Lion in The Streets comprises a series of linked, loosely interrelated contemporary scenes set in Toronto, that clean city by the lake so polluted it never freezes. But this is not the Toronto of Bay Street commerce, Younge Street style or Oakville money. Thompson creates basic neighbourhood feel, and then fashions scenes of unmediated emotion from instinctual reactions. Her characters are animal then rational, flickering between both.

The play develops themes of violence and personal identity from her 1989 collection *The Other Side of the Dark*. It holds its secrets until the final scene. Isobel, a portuguese girl, has been searching throughout the play for the man who killed her, the lion in the streets.

She finds him: "I love you, you took my last breath . . . give me back my life," she says, then to the audience, "I came back. I want you all to take your life, I want you all to have your life." She acts throughout the play as a chorus, speaking to characters who sometimes hear, a voice warning about the need to live a connected, consistent life and the pain of not doing so.

Each scene contains within itself its own genesis, like a course in Freudian psychotherapy. Thompson takes her characters back to primal scenes of childhood, forward to fantasies of sex and death, and sideways into the rational world. The result is a disjointed play which stresses the gaps and processes that operate *between* people in all relationships.

Here are characters pushed to the side of their own lives: a broken marriage, a father's death, or a local Parent Association meeting which accuses the teacher of fostering "lifetime sugar addiction." Another character discovers she has leukemia and dreams of being Ophelia, floating away down the Humber; a priest receives absolution from a gay confessee ("You can be honest with me, father, I'll forgive you . . ."); a journalist is so taunted by the sexual fantasies of a cerebral palsy interviewee that she beats her up.

The six actors (Shirley Henderson, Beth Goddard, Julie Legrand, Kerry Shale, David Sibley and Sonia Ritter) play 26 characters; the action is given purpose and shape by Matthew Lloyd's intelligent direction, which makes sense of each scene, as a good psychotherapist does. Jessica Tyrwhitt's fine design can be a park, nightclub, office or construction site, crammed onto the Hampstead stage.

Hampstead Theatre, Swiss Cottage, until May 15 (071 722 9301)

Television/**Christopher Dunkley**

Period drama by the yard

Doesn't your heart sink as yet another pristine steam locomotive fills the screen, and yet another cast of superbly professional British actors in yet another wardrobe load of period costumes begins to push yet another expensive collection of oh-so-accurately dated luggage around the platform? So does mine. Aren't your nerves at twanging point waiting for the first showroom-condition drophead coupé? Mine too. Can you take even one more cigarette case being loaded from a scrupulously contemporary Players' packet without screaming? One more Fair Isle pullover? One more spotless milk float which manages to appear in every street shot throughout 55 minutes of drama even though the action switches from London to Bristol? Nor me.

The appearance on BBC2 of *The Second Heimat* (reviewed last week) serves to show how depressingly uninspired, restricted and uninspiring most British television drama has become. The overwhelming proportion is either old fashioned, cosy, whimsical or nostalgic, and much of it is all four. Even those of us scarcely into middle age would seem to have reason for wondering whether the golden age of British television drama is now over. Remembering, as we do, a time when the BBC drama department alone was using a great crowd of creative people including David Mercer, William Trevor, James MacTaggart, Jack Gold, Michael Frayn and Dennis Potter (while he was still writing about the present day) we do wonder whether yet another 1940s' detective series, or yet another '50s series laced with early rock-and-roll, is a fair substitute – however authentic the enamel advertisement hoardings or the paper petticoats.

Of course *The Second Heimat* is itself a period piece, even though the period happens to be the 1960s, but no one could accuse author Edgar Reitz of being old fashioned, cosy, whimsical or nostalgic. More important, it was not ordered up by the yard, or the hour, by a crowd of shoulder-padded executives whose marketing men had used their lap-tops to decide that what was really needed for the ratings was another period detective series. *Heimat* is the inspiration of one man who has a passion to tell us the story of his time and his life and the way he feels about it. In dispiriting contrast, Britain's home-produced series look as though they are being produced in a factory using a formula from a text book, with quantities of ingredients calculated down to the last gram.

Pleasingly unpredictable with no steam train in sight: Celia Imrie in 'The Riff Raff Element'

Take *Westbeach*, BBC1's new Saturday evening saga about family competition in the seaside leisure industry. Can you imagine anyone saying "What I *really* want to write is a series just like *Howard's Way* and *Trainer* but set in Eastbourne, I want it to feel like an anaemic sort of Dallas-on-Sea" ? There is the obligatory teenage greenie college dropout whose concern for the planet is going to teach the grown ups a thing or two. There is high-class Hannah who cannot wait to drop her Janet Regers for the golf pro (or anything else in trousers). There is – but you could write the thing yourself. This is hamburger drama where you can be sure that every serving will be exactly like the last: just as limp, just as ersatz, yet always done up in fashionable packaging.

Then take BBC1's new Sunday night sleuth series *The Inspector Alleyn Mysteries*. Can there really be anybody in a drama department who, after Poirot, Dalgleish, Maigret, Marple and Morse says "I know what we need – a period detective series, but with some terrific twists: he doesn't drive a Citroen, he rides around in a Wolseley! He doesn't wear spats, he wears a homburg! He's not keen on opera, but on art!" In Episode 1 an awful cad at a weekend house party was killed with a jewelled dagger shortly after the lights went out while the clock was striking eight. Bad show, what? The programme started at 7.30. The first steam train appeared at 7.36, the first drophead coupé at 7.40, the first phoney German accent at 7.49, the first oak panelled study at 7.52 . . .

Some might argue that ITV's Thursday night series *Body And Soul* is different, being about a beautiful young nun who comes out of her enclosed order to help straighten out her family's affairs after her brother commits suicide. Indeed, it is different: it is not every day that you see a nun driving an Aston Martin (luckily she learned to drive a tractor at the nunnery). But, as with *Mr Wroe's Virgins* earlier in the season, any idea that drama might be used to explore the relevance of religion to society has gone by the board. Yes, there are a few "wry" observations about the materialism and overt sexuality of the modern world impinging on the emergent virgin, tapped into the script with a sledge hammer. But generally speaking this is more drama-by-the-yard.

Doctor Finlay has been different, of course: as they clamber from the steam trains to manoeuvre the period luggage into the vintage cars they speak in *Scottish* accents. And *House Of Eliott* was different because, whether dodging some blasted milk float on foot or travelling in the back of a vintage motor, one of the young stars spoke something awfully like the "Estuary English" of Ken Livingstone and Norman Tebbit. This seemed a teeny bit odd in a nice gel working in haute couture in the 1920s. *Head Over Heels* was different because it was set in the 1950s, but otherwise it was just more formula drama: the only thing it had to say to its audience was "Please watch this, we need the ratings".

True we have had ITV's sad little early evening serial *September Song* with Michael Williams and Russ Abbot as a pair of ill-assorted, ageing drop-outs and BBC2's *Goggle Eyes* which gave a clear and often funny account of how it feels to a 13-year-old girl to have a new man coming into her mother's life. But however good they may have been (and you would no more compare them to *The Second Heimat* than compare Nevil Shute to Joseph Conrad) they were little more than miniatures.

Above all we have, running now on BBC1 on Friday nights, *The Riff Raff Element* by Debbie Horsfield. In its favour, this is not a period piece, there are no steam trains, it is not old fashioned, cosy or nostalgic. The Belchers, a family of thieves and layabouts, have moved into the servants' wing of Tundish Hall. Roger Tundish, a third rate diplomat, has lost his job but none of his social pretensions: he still orders everyone about and tows behind him a besotted American aide named Phoenix who hangs on his every word and calls him "Excellency". The characters tend to be stronger than the stories, which are almost non-existent, and there is, yet again, some wonderful acting from a cast which includes Ronald Pickup as Tundish and the ever watchable Celia Imrie as his daughter in law.

It is full of amusing moments and some of the characters are pleasingly unpredictable (the grungiest of the Belchers, with ring in nose, turns out to be a marvellous cook). Yet even here there is more a feeling of contrivance, of material being produced to fill slots, than any sense of an author fulfilling an urge to communicate. Maybe Debbie Horsfield really does have a chip on her shoulder about the English class system – her work on *Making Out* suggested she does – but, if so, she has little to say about it that is new.

Perhaps those who warned that there would never be enough talent to fill more than a couple of television channels are being proved right. Perhaps there are very few people in the world like Edgar Reitz. Perhaps the public prefers the consistent extrusion of predictable serials to the peculiar work of individualistic craftsmen. Perhaps we were lucky in Britain to have 40 years of weird and wonderful television drama before being overtaken by the age of market enterprise and spreadsheets. The fact remains that my spirits droop every time another steam loco puffs monotonously into sight indicating that we are in for another hour or two of "production values" in place of dramatic inspiration.

Music in Boston/**Paul Griffiths**

Goehr's 'Colossos or Panic'

Alexander Goehr is certainly not the only visitor to the Prado to have been struck by Goya's image of a gigantic male figure, naked and burly, striding through the air to the great consternation of travellers he seems not to be noticing. Nor is Goehr alone, surely, in wanting to release this painting from its frozen time and from its silence: to see, as it were, the film from which it is a still. But where most of us might think of massive chords for the walking giant and an uproar of shrieks and whinnies for the terrified people below and behind him, Goehr's response to the vision is a "symphonic fragment" that preserves a glimmering gentleness throughout most of its 25 minutes. Commissioned by the Boston Symphony Orchestra, the piece was given its first performance by them under Seiji Ozawa in Boston's Symphony Hall last week.

Goehr's title, *Colossos or Panic*, perhaps provides a clue, in suggesting a viewpoint beyond the obvious. To react to the painting with hugeness and screams would be to align oneself with the scattering crowd, to share in the panic. Goehr, with characteristic care and calm in his voice, chides us for joining the sheep. No, we must remain alert and questioning. There will be moments of awesomeness, when the sky visitor seems real and a threat – moments like the sinister intrusion of Fafner-like music towards the end of the piece – but more generally the view will be from outside the frame, observing the scene and trying, through music and in music, to comprehend what it may mean. Unfreezing the image's time would be useless if it yielded only a Hollywood epic; better to listen to its implicit questions about mob behaviour, and to hear them voiced by a mob of another kind, one of orchestral musicians.

If hysteria is thus the subject rather than the manner of the piece, it is altogether appropriate that the journey should be by way of earlier sites of musical delirium. Judiciously, because composers cannot pretend to be prophets any more, the music implies Skryabin in its flights of repetition. At one point there is a close encounter with Schoenberg's E major Chamber Symphony. And repeatedly the first of the two movements hovers towards a waltz rhythm that suggests the mania of Ravel's *La Valse*. Yet all the time we are being quiet. We are watching and waiting. The music seems to be drawn in strokes of light, playing over the instruments. The ideas are usually brief, often pregnant, and yet nearly always surprising – surprising by a change of colour, an unexpected interval, a luminescence of harmony.

What is also surprising, even puzzling, is the form of the piece. Goehr tells us that his first idea was of a single movement that dissolves, but that he then added a shorter, more continuous extension, in a more settled tempo and in a different colour, marked especially by the entrance of the celesta in a recurrent motif of toy oscillations. The wondering and the wandering go on, until there is another dissolve. The enigma is redoubled, because the opportunity for a solution is taken and also courteously declined.

Colossos or Panic is made with a typical generosity to musicians and to listeners: it plays well (the loose scoring provides splendid opportunities for musicianship, as many of the Boston players showed) and it sounds well. If, nevertheless, it is an elusive piece, that may be because of Goehr's wariness of the colossal, the imposing, as an ideal for himself or for his music.

Opera/**Andrew Clements**

Welsh 'Tristan' in London

Welsh National Opera's *Tristan und Isolde*, staged by Yannis Kokkos and conducted by Charles Mackerras, opened in Cardiff two months ago. Now at the end of its tour it has arrived in London together with the company's *La Favorite*, for two performances this week at Covent Garden. *Tristan* was last seen in London (at the Coliseum) in 1985 and any performance is an operatic event; the disappointment with Monday's, though, was very real.

Max Loppert's first-night review found this *Tristan* fine in parts, unsatisfying elsewhere. In the larger expanses of the Royal Opera House one fancies the gap between the good and the less good may have been emphasised. Kokkos's sets, tailored for touring, fit well enough, though they echo just a little too closely the same designer's *Pelléas et Mélisande* so recently seen there, definitely to the detriment of the Wagner. The details of his production, though, seem negligible; an essay in the WNO programme may be full of fine words and all the right theatrical references, but very little of that has been translated into stage action. Despite Kokkos's talk of a "spiritual choreography", of creating "bodily Leitmotifs which form a counterpoint to those of the music" most of the gestures and movements would hardly seem *de trop* in a concert performance.

The emphasis then is placed even more firmly than usual in *Tristan* on the music, standing or falling by the durability of the principals and the coherence of the conducting. For long stretches in the first two acts on Monday, however, that coherence was lacking. There is no doubt that Jeffrey Lawton's Tristan is the most potent dramatic force, building from unprepossessing beginnings in the first act, gaining in authority through a distinctly tepid second-act love duet to a concentrated and intensely moving monologue in the third. The sound was never beautiful, nor did it pretend to be, but Lawton's concentration and his expressive honesty were much more than adequate compensation. His vividness gave an unusual tilt to the final act, with the *Liebestod* quite overshadowed; Anne Evans's Isolde was always carefully sung and painstakingly phrased, yet small-scale and unexpectedly detached, lowering rather than raising the emotional temperature in the majority of her interventions.

Though Della Jones's Brangäne was certainly committed dramatically she always sounded inappropriate in that role, while Richard Paul Fink's Kurwenal was strongly sung, without ever becoming eloquent. Peter Rose's Mark took the prize for German diction, and his firm delivery gave a lift to the end of the second act after the limpness of its climax. What the performances demanded was a corporate sense of purpose, yet Mackerras's account of the score seemed generally piecemeal and excitable with only an approximate sense of line. The lack of a convincing Wagnerian sonority in the strings and wind blending, and the uncertainty of some of the solo playing undermined stability yet more; watching such a music drama unfold while holding its audience at arm's length was altogether a troubling experience.

Royal Opera House, Covent Garden; further performance on April 23

INTERNATIONAL

ARTS GUIDE

■ BONN

Oper Tonight and next Fri: Puccini's Trittico staged by three women directors. Fri and Mon: Valery Panov's new production of *Prokofiev's* ballet Romeo and Juliet. Sat: Otello. Sun: Der Freischütz (773667). Mon at Beethovenhalle: Rudolf Werthen conducts Belgian Chamber Orchestra in works by Beethoven, Bruch, Tchaikovsky and Shostakovich (773666)

■ COLOGNE

Philharmonie Tonight: Valery Gergiev conducts Kirov Opera in concert performance of Khovanchshina. Tomorrow: Neville Marriner conducts Gustav Mahler Jugendorchester in works by Shostakovich, Bruch and Elgar, with violin soloist *Maxim Vengerov*. Fri: WDR Big Band. Sun: Joerg Faerber conducts Württemberg Chamber *Orchestra* in Mozart, Rosetti and Penderecki, with oboe soloist Heinz Holliger. Mon: Cologne Chamber Orchestra programme about Haydn in London. Next Tues and Sat: Andras Schiff plays Schubert (2801)

Opernhaus Tonight and Sat: Rossini double bill. Fri, next Wed and Fri: Billy Budd. Sun: James Conlon conducts Liviu Ciulei's new production of *Cosi fan tutte. Next* Thurs: revival of Katya Kabanova (221 8400)

Schauspielhaus Jochen Ulrich's new Carmen ballet opens on Sun, repeated next Mon, Tues and Wed. The drama repertory includes George Tabori's Jubiläum, Lorca's Dona Rosita and Shakespeare's As You Like It (221 8400)

■ COPENHAGEN

OPERA/DANCE

Tonight's performance at the Royal Opera is the Danish historical opera Drot og Marsk. The repertory also includes La traviata tomorrow, next Mon and Wed, and John Cranko's ballet Onegin on Fri, Sat and next Tues. April 30: Balanchine gala (3314 1002)

CONCERTS

The 1993 Tivoli concert season opens tomorrow with a programme including Mozart's A major violin concerto played by Sergey Azizjan. There are concerts on most evenings till mid-September. The first guest orchestra is the Berlin Symphony Orchestra on April 29 (3315 1012)

■ DUSSELDORF

Deutsche Oper am Rhein Tonight: Janos Kulka conducts Kurt Horres' production of Aribert Reimann's Kafka opera Das Schloss. Tomorrow: Heinz Spoerli's production of La fille mal gardée. *Fri: Swan Lake. Sat:* Iphigenie en Aulis. Sun: Das Rheingold. Tues: two ballets by Heinz Spoerli. Next Wed: Die Walküre (211-8908 211). Duisburg Theatre has Pet Halmen's new production of Turandot *tomorrow and Sun, with Sabine* Hass in title role (203-3009 100)

■ HAMBURG

Staatsoper Tonight and tomorrow: Weill's Mahagonny. Fri: Otello with Mariana Nicolesco and René Kollo. Sat, next Tues and Wed: Neumeier's ballet A Cinderella Story, music by Prokofiev. Sun: Der Rosenkavalier *with Edith Mathis, Jeanne Piland* and Siegfried Vogel (351721)

Musikhalle Tonight and tomorrow: Peter Hofmann in concert. Fri and Sat: Herbert Blomstedt conducts North German Radio Symphony Orchestra in works by Brahms and *Nielsen, with violin soloist Viktoria* Mullova. Sun: Johannes Fritzsch conducts Hamburg Symphony Orchestra in Haydn, Brahms and Schumann. Mon: Radu Lupu piano recital (354414)

■ FRANKFURT

Alte Oper Tonight: Yan Pascal Tortelier conducts BBC Philharmonic Orchestra in works by Maxwell Davies, Prokofiev and Shostakovich, with violin soloist Igor Oistrakh. Tomorrow and Fri: Erich Leinsdorf conducts Frankfurt Radio Symphony Orchestra in works by Stravinsky, *Beethoven and Edmund Rubbra*, with piano soloist Radu Lupu. Sun morning, Mon evening: Carl Saint Clair conducts Frankfurt Opera Orchestra in Liszt and Ravel, with piano soloist Zoltan Kocsis. Sun evening: Bernhard Klee conducts Rheinland-Pfalz State Philharmonic in Webern, Mozart and Strauss, with pianist *Christian Zacharias* (1340 400)

Opernhaus Tomorrow, Sat, next *Thurs: Rigoletto*. Fri, Sun, next Wed and Fri: Il matrimonio segreto (236061)

Schauspielhaus Tomorrow: *Shakespeare's Merchant of Venice.* Fri and Sat: Othello. Sun: Sophocles' *Antigone*. Next Wed at Kammerspiel: German stage premiere of Tom Stoppard's 1973 radio play Artist Descending a Staircase (2123 7444)

Art Frankfurt The city's annual art fair opens on Fri and runs till next Wed at the Messe-Gelände (7575 6631)

■ GOTHENBURG

Konserthuset Tonight: Hans Vonk conducts Cologne Radio Symphony Orchestra in Beethoven's Fourth Piano Concerto (Roland Pöntinen) and Bruckner's Fourth Symphony. Tomorrow and Fri: Dmitri Kitaenko conducts Gothenburg Symphony *Orchestra in Shostakovich's Seventh* Symphony (167000)

Stora Teatern Tonight, Sun: Robin Stapleton conducts Francesca Zambello's new production of Falstaff, with Ingvar Wixell. Ten further performances till June 5 (131300)

■ MUNICH

Herkulessaal der Residenz Tonight: Christoph Stepp conducts Munich Symphony Orchestra in works by Bialas, Haydn and Beethoven, with piano soloist Konstanze Eickhorst. Tomorrow: Viktor Tretiakov is conductor and violin soloist with Munich Chamber Orchestra. Fri: *Daniele Gatti* conducts Bavarian Radio Symphony Orchestra in Stravinsky, Schumann and Bartok, with cello soloist Mario Brunello. Mon: Ysaye Quartet and friends *play* Ravel and Debussy (299901)

***Gasteig** Tomorrow: Stephane* Grapelli Trio. Fri: Hans Graf *conducts* Salzburg Mozarteum Orchestra in works by Mozart, Mendelssohn and Schumann, with violin soloist Thomas Zehetmair. Sat: Muhai Tang conducts Royal Flanders Philharmonic Orchestra in Franck, Tchaikovsky and Bernstein, with violin soloist Vadim Repin. Tues: Yan Pascal Tortelier conducts *BBC Philharmonic* Orchestra in works by Berlioz, Elgar and Tchaikovsky, with cello soloist Steven Isserlis (4809 8614)

Cuvilliés-Theater Tomorrow and Sat: Peter Schneider conducts Theo Adam's production of Capriccio, with Pamela Coburn (221316)

■ STOCKHOLM

Royal Opera Tonight: Cav and Pag. Tomorrow and Sat afternoon: Boccaccio. Fri and Mon: Pelléas et Mélisande Next Tues and Wed: Swedish Ballet School in Don Quixote (248240)

Konserthuset Tonight and tomorrow: Paavo Berglund conducts Stockholm Philharmonic Orchestra *in Prokofiev's Third Piano Concerto* (Niklas Sivelow) and Brahms' Third Symphony. Next week's concerts are conducted by Frans Brüggen (244130)

Berwaldhallen Tomorrow and Fri: Evgeny Svetlanov conducts Swedish Radio Symphony Orchestra in works by Rimsky-Korsakov and Rakhmaninov, with piano soloist Evgeny Kissin. Sun afternoon: Okko Kamu conducts Stockholm Sinfonietta in Stravinsky, Strauss, Sibelius and Beethoven, with baritone soloist Jorma Hynninen (784 1800)

***Radiohuset** April 24-29: song* festival, a series of recitals daily at 19.30 (784 1800)

■ STRASBOURG

Palais de la Musique Tomorrow and Fri: Witold Lutoslawski conducts Strasbourg Philharmonic Orchestra in his Chantefleurs et Chantefables (Solveig Kringelbotn) and Third Symphony *(8837 6777)*

Théâtre Municipal Sun at 15.00: Rudolf Krecmer conducts first night of Bernard Sobel's new Opéra Rhin production of The Adventures of Mr Broucek, sung in French with Valentin Jar in title role. Further performances *April 27, 29, May 2,* 4 (8875 4823)

■ STUTTGART

Staatstheater Tonight: Gabriele Ferro conducts Johannes Schaaf's production of Wozzeck, with John Bröcheler. Tomorrow: Alan Hacker conducts Cosi fan tutte. Fri: Tom Cairns' production of La boheme. Sat and next Wed: Ruth Berghaus' production of Weill's Mahagonny. *Sun: La Cenerentola. Tues:* Ariadne auf Naxos. The drama repertory in Kleines Haus includes Glaube Liebe Hoffnung by Odon von Horvath, plus Ibsen's Nora and Shakespeare's Romeo and Juliet. (221795)

European Cable and Satellite Business TV

(All times are Central European Time)

MONDAY TO THURSDAY

Super Channel: European Business Today 0730; 2230

Monday Super Channel: *West of Moscow 1230.*

Super Channel: Financial Times Reports 0630

Wednesday Super Channel: *Financial Times* Reports 2130

Thursday Sky News: Financial Times Reports 2030; 0130

Friday Super Channel: European Business Today 0730; 2230

Sky News: Financial Times Reports 0530

Saturday Super Channel: *Financial Times Reports* 0930

Sky News: West of Moscow 1130; 2230

Sunday Super Channel: West of Moscow 1830

Super Channel: Financial Times Reports 1900

Sky News: West of Moscow 0230; 0530

Sky News: Financial Times Reports *1330; 2030*

Arts Guide

Monday: Berlin, New York and Paris.

Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.

Wednesday: France, Germany, Scandanavia.

Thursday: Italy, Spain, Athens, London, Prague.

Friday: Exhibitions Guide.

Edward Mortimer

While Bosnia burns

The slowness of the world's responses to the war is part of its tragedy

Perhaps the worst thing about the Bosnian tragedy, for those who are not its direct victims, is its agonising slowness. If only it were over. Of course one would still feel bad when *thinking about* it, but that probably would not be all that often, just as one no longer thinks all that often about Biafra or East Timor.

The slowness of events is painful because it prolongs the moral and political dilemmas. But actually that is a luxury. It means there are still opportunities to act. Something might yet be saved, by a right decision now, from the consequences of all those earlier wrong decisions.

The trouble is, the processes by which the so-called "international community" decides on any course of action are even slower than the war "on the ground". Take the "no-fly zone" for example. This was proposed in a Turkish peace plan as early as last August. Other governments gradually came round to it. After much discussion and hesitation it was adopted by the United Nations Security Council in October. Then it turned out another resolution was required before any action could be taken to enforce it. The whole process had to be repeated with all the same hesitations. Only this week have aircraft with a mandate to enforce the no-fly zone at last been deployed.

A similar process has now begun for other measures: air strikes against Serb artillery or other targets; lifting the embargo on arms supplies to the Bosnian army. Last week, when Lady Thatcher came out with her clarion call for the latter measure, British ministers dismissed it as "emotional nonsense". Warren Christopher, the US secretary of state, said much the same. By Monday, however, it was on a list of options being considered, or at least "not ruled out", by both governments.

Of course there are good arguments against this course of action, as there are against every course of action in this abominable situation.

- It would escalate, intensify and perhaps even prolong the fighting, without guaranteeing a different end result.
- It would, as Zoran Pajic, professor of international law at Sarajevo University, has pointed out, "almost certainly enforce rather than heal the ethnic division of Bosnian territory, since better equipped Bosnian forces could improve their share of the Vance-Owen map but little more".
- Some of the weapons would almost certainly fall into the wrong hands; while even in the "right" hands some of them might well be used for vengeance killings or other atrocities.
- By lifting the embargo on supplies to one side only the UN would abandon neutrality, thereby exposing UN forces and other personnel now on the ground to retaliation and so forcing them to abandon their current humanitarian mission.

Something may yet be saved in Bosnia by making a right decision now

That last argument seems the weakest. The UN is already not neutral, as its sanctions policy shows. Humanitarian relief work already requires military protection – why else are UN forces in Bosnia? And the UN relief effort could be kept clearly distinct from military intervention so long as all the fighting on the ground is still being done by local forces.

The alternative urged by many idealists – notably Jane Sharp of the Institute of Public Policy Research* – is a full-scale military intervention to establish a "UN protectorate" or another form of international administration for the whole of Bosnia. The pros and cons are argued out in the latest issue of the admirable War Report** – formerly Yugofax.

The strongest argument in favour of a protectorate is that such an arrangement offers the only hope of putting Bosnia together again under a regime which would allow all the survivors to return to their original towns and villages and rebuild their homes in confidence and safety. That is very attractive, but the arguments against seem to me overwhelming.

- It is very unlikely that enough countries would be prepared to provide enough troops, police and administrators for such a long and open-ended task.
- The force, even if welcomed initially, would almost inevitably encounter resistance from Serb and Croat forces in some areas, and would thus find itself dragged into a guerrilla war.
- The states carrying out the intervention would not necessarily be as idealistic or enlightened as those now calling for it. There would almost certainly be confusion about the objectives.
- If troops do go in, it will most likely be to enforce, not a UN trusteeship, but a version of the Vance-Owen plan. In this case external forces will be responsible for keeping people away from their original homes, or for delivering them to the tender mercies of their ethnic rivals – policing a mosaic of internal borders without being in a position to guarantee human rights, or even human life, within the different provinces.

Lifting the embargo would be a better bet, if only it were not done grudgingly and passively but as part of an active strategy to help the Bosnian army, supplying it with the weapons it needs and using Nato air power to assist its operations. (The more Nato is involved in planning and carrying out the operations, the better the chance of controlling them, averting fresh atrocities and a mass exodus of Bosnian Serbs.)

Fat chance. On past form it will be at least six months before any actual weapons are delivered, by which time there may be no Bosnian army left to deliver them to.

**Bankrupt in the Balkans: British Policy in Bosnia (IPPR, £2.95)*

***Available by subscription only from 1 Auckland Street, London SE11 5HU*

Decade of the deep discount

The rapid growth of cut-price chains may change the face of UK food retailing, says **Neil Buckley**

At Ed discount store in Maidstone, Kent, the message on the signs is simple: "We've cut the frills to lower your bills." But Ed, and hundreds of other discount stores opening all over the UK, are part of a trend that could change the way British consumers shop.

Discount food shops are the fastest growing part of the UK retailing sector. From only two discount chains at the beginning of the 1990s, the number has now increased to 14. All are expanding rapidly and pose a serious challenge to the UK's established food retailers.

"This is a fascinating time in retailing," says Mr Alan Treadgold, retail consultant at accountants Coopers & Lybrand. "In the next 18 months we are heading for a real culture clash between the high-margin retailers of the 1980s and the new formats."

Share prices in the food retailing sector have fallen, on average, by about 10 per cent this year amid analysts' warnings that discounters will intensify competition and start grabbing market share from the UK's "big three" – J Sainsbury, Tesco, and Argyll, owner of Safeway. These three had hoped that the end of the recession would bring a return to the rapid sales growth they enjoyed in the 1980s.

Institutional investors, which paid out hundreds of millions of pounds in a series of rights issues in 1990 and 1991 to fund expansion by the superstore operators, are nervous about any sign that returns on investment may be less than projected.

Mr Philip Dorgan, retail analyst at Goldman Sachs, the US investment bank, said: "Investors have been worried for some time about how much investment is going into food retailing. Since the City began to think the discounters might pose a threat to superstores' margins it has been pushing the sell button on the shares."

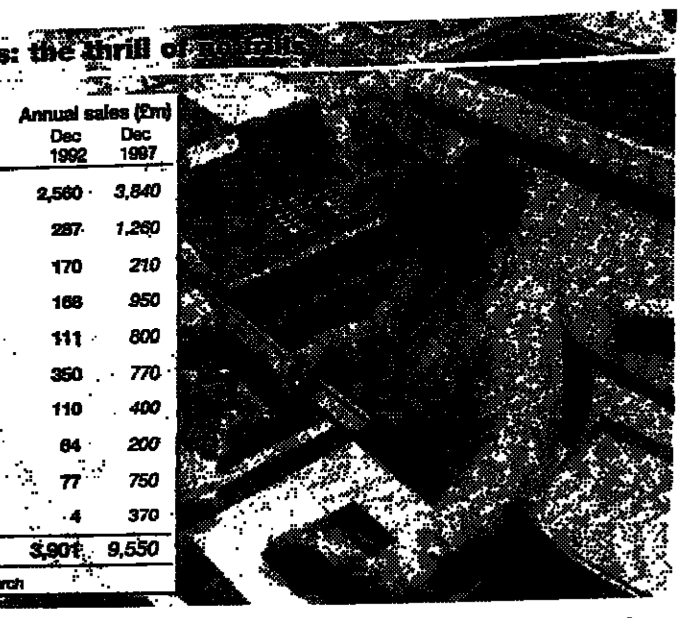
Both the established food retailers and the City have been surprised by the rapid rise of the discounters. In the 1980s, although many had tried and failed, the only successful discount chains of any size in the UK market were Kwik Save and Argyll's Lo-Cost. But in 1990, their effective monopoly was broken by the arrival of Germany's Aldi and Denmark's Netto.

In the same year, Shoprite, an Isle-of-Man based company run by sons of one of the founders of Kwik Save, launched into the underdeveloped Scottish market. Later, several of the large grocery chains hit on the idea of converting older, underperforming superstores into discount outlets – spawning Gateway's Food Giant and Solo, Co-op's Pioneer and Shopping Giant, and Asda's Dales format.

Discount food stores: the thrill of

	Stores Dec 1992	Stores Dec 1997	Annual sales (£m) Dec 1992	Annual sales (£m) Dec 1997
Kwik Save	780	950	2,560	3,840
Aldi	63	240	287	1,260
Solo	47	47	170	210
Netto	45	220	168	950
Shoprite	35	210	111	800
Food Giant	20	40	350	770
Pioneer	11	35	110	400
Discount Giant	7	20	64	200
Dales	4	34	77	750
Ed	1	80	4	370
Total	1,013	1,876	3,901	9,550

Source: Barclays de Zoete Webb Research



In recent months, the discount chains have accelerated their expansion plans.

- In January, Carrefour, the French retail giant, opened its first Ed (an acronym for Europa Discount) store in Maidstone, Kent.
- Costco, the third-largest operator of the US ultra-discount format known as "warehouse clubs", signed up two sites in the UK, which it hopes to open by the end of the year.
- Kwik Save said in February it would expand into Scotland and increase its opening programme from 50 to 70 new stores a year.
- Aldi, having previously concentrated on the Midlands and north of England, announced a search for new sites in the south.
- In March, Netto said it was looking for 100 sites in Scotland.
- This month, cash-and-carry operator Nurdin & Peacock said it would open two US-style warehouse clubs in the UK.

The expansion of discount chains marks a move away from the style of food retailing that flourished in the 1980s. For nearly two decades after the abolition of resale price maintenance in 1964, when manufacturers lost the right to fix the price at which their goods were sold in shops, the UK grocery sector was driven largely by competition on price. That changed in the 1980s with the growth of "value-added" retailing from superstores, as practised by the likes of Sainsbury, Tesco and Safeway.

These retailers do not claim to have the lowest prices, but do claim to be highly competitive while providing the most attractive "offer" – a concept that encompasses choice, quality, convenience, service, and shopping environment.

They make their money from healthy operating margins (broadly speaking, a measure of how many pence, before tax and interest, retailers make on each £1 customers spend) which average close to 8 per cent – among the highest in European food retailing.

But the recession has fostered a new price-consciousness in UK consumers. At the same time, the top end of the grocery market became so dominated by the big three that would-be entrants had to find new ways of operating.

Enter the discounters, which work on the opposite principle. Typical operating margins are 2 per cent or less, but the stores make money by shifting large volumes of goods. Both *start-up and operating costs* are kept to a minimum by buying or renting cheap sites, spending little on technology and fittings – with goods often *sold from cardboard boxes on* warehouse racking – stocking only a limited range, and employing few staff.

The formula can be a powerful one. Efficient discounters can turn round their entire stock every 20 days or less, so they have often sold stock before they pay their suppliers for it. That means their working capital for expansion is effectively provided by their own suppliers.

City observers agree that discounters are likely to double their annual sales from between £3.5bn and £4bn last year, to £7bn to £8bn by 1996. Their share of the grocery market is forecast to rise from about 9 per cent to 14 or 15 per cent during the same period.

That will have a big impact on the shape of the food market in the UK. Shoppers are likely to benefit from increased price competition throughout the sector.

They will also be able to choose from an unprecedented range of formats, according to the relative importance they attach to price, choice and quality. For there are several different types of discounters, from the limited-range deep discounters which stock only 500 to 1,000 lines at the lowest prices, to the discount supermarkets who offer 1,000 to 5,000 lines at slightly higher prices but compensate by offering greater choice. Then there are the discount superstores, usually conversions of conventional superstores, which try to combine discount prices with the kind of range offered by a Sainsbury or Tesco.

But increasing competition, limiting margin growth and damping food price inflation spell problems for existing retailers. Significant casualties are predicted as the discounters increase their market share – although opinion is divided on which companies will be worst hit.

Some believe it will be the big superstores. "Discounters will have an increasing impact on the big three within a year or two," says Mr Robert Clark, director of Corporate Intelligence Group, a retail research company. "Even now there are individual superstores that are sweating badly." The crucial question is whether limited line formats can make their prices so tempting that even committed superstore shoppers cannot ignore them.

Bigger losers may be what analysts have termed the "soft targets": small, independent grocers; the co-operatives; the struggling Gateway chain; and John Lewis's Waitrose group, which, as a partnership, does not have the same access to cheap money as quoted retailers on the stock market and is falling behind in terms of expansion and new technology.

Mr Bill Currie, analyst at Barclays de Zoete Wedd, believes the toughest competition, however, will be within the discount sector itself, as more efficient limited-line operators continually lower prices in an attempt to drive out higher-cost competition.

Whichever companies fall victim, the new focus on price is likely to shift the balance of power in UK food retailing. If the 1980s were the decade of the gleaming superstore and the delicatessen, Kwik Save, Shoprite and other discounters may make the 1990s the decade of the Day-glo sign and the warehouse rack.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
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Definition of waste is impractical and costly

From Mr David Brown.

Sir, The dilemma highlighted for the scrap industry by Gillian Tett ("Waste legislation that dealers want dumped", April 10/11) is only one of the problems to be encountered with the Environmental Protection Act. The Environment Department might well say that these regulations are being introduced to ensure that Britain has the highest environmental standards. But is this practical and can we afford the final cost?

Most reasonable people would expect waste to be useless and undesirable – unfortunately this is not so; waste is now defined as "a substance which is unwanted [by the producer] or surplus, or anything which is discarded as being broken, worn out, contaminated or otherwise spoiled", etc. The fact that the discarded material has a value and is to be recycled or reused does not prevent it from being controlled waste.

Many items such as sub-soil, demolition hardcore, sawdust and shavings are of value to farmers but it would be illegal for these to be provided if the farmer does not hold an appropriate licence to hold or dispose of these materials.

A shopkeeper providing a customer with an empty box to carry away their purchases is now liable to a hefty fine.

It is of course quite legal for the demolition hardcore to be used as landfill, but a farmer seeking hardcore would have to buy stone delivered from a quarry. Does this help the environment?

In my view this legislation is ill conceived. It makes criminals out of legitimate businessmen. It is causing an unnecessary increase in disposal and other costs and will result in an increase in fly-tipping.

How can a government pledged to deregulation and to reducing red tape consider introducing such legislation?

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Trade minister cites exporting as weak link in corporate chain

From Richard Needham MP.

Sir, The latest six-monthly survey of the pay of executives immediately below board level published by your Jobs Column (March 31) includes a wide range of executive functions, but as usual excludes exporting. The work of the export executive demands a high level of commitment, training, experience and, of course, reward.

The Jobs Column will no doubt say that it is merely reporting on the latest of a series of surveys by a consultancy, and is not responsible for the categories. Those who conducted the survey, if taxed in the same way, would probably reply that exporting is not treated as a separate function in the organisation of the majority of the companies they looked at.

But isn't that where the Jobs Column should come in? Jobs are exactly what exporting is about. Jobs can be lost by firms which leave exporting to be done by marketing and sales staff as a kind of optional add-on to the home market. They are likely to find their home market eroded by foreign competitors who are more far-sighted than they are. On the other hand, jobs can be won by companies which take a strategic approach to exporting, as a way of securing a wide sales base and an increased market share at home and abroad.

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External threats to America's competitiveness

From Mr Michael Connors.

Sir, Michael Prowse ("Revolutionary talk in Wisconsin", April 19) reports John Diebold talking of the need for a new word: "infostructure". It is perhaps a testimony to the truth of the adage that nothing can stop an idea whose time has come, that I came to a similar conclusion, independently, last year when writing The Race to the Intelligent State (Blackwell Business, 1993). I use the word, perhaps in a slightly broader sense than does Mr Diebold, throughout the book.

It is curious, as your article suggests, that the US government should have taken such a *laisser-faire* approach to the issue of integrated broadband networks, which is generally thought to be of great significance to America's future competitiveness; however, such a resolutely non-interventionist attitude in the face of a growing problem is hardly unprecedented. It was only, for example, the launch of Sputnik in 1957 which propelled America into the space race and, to paraphrase Admiral Isoroku Yamamoto [commander in chief of the Japan's war-time combined fleet], some external threat is often needed to awaken the sleeping giant. If Mr Al Gore is seeking an external threat to justify government initiative, he need hardly look further than Nippon Telegraph and Telephone's plans for a nationwide broadband network to serve the whole of Japan by 2015. The Japanese do not share the American aversion to co-ordinated planning and seem likely to ensure that the competitive stakes will remain high.

Michael Connors,
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A role for all in UK economic forecasting

From Mr M V Posner.

Sir, There are three issues of importance raised in the letters from Jeremy Bray MP (April 7) and Wynne Godley (April 14). First, should the Treasury "farm out" (to non-public service suppliers) some of its present modelling and forecasting activity? Here, I believe that government must retain, close to senior officials, ministers and parliament, a small team of experts who can understand, interpret and "play" the model, above all for policy analysis and simulation. Provided this is done, it may be possible to contract out some of the underlying technical work.

The second issue is whether the UK should continue to maintain, outside Whitehall, but largely on public money, a high-grade technical capability for this sort of work, using what are widely regarded as state-of-the-art "scientific" methods. This has always been a matter of some controversy, but I believe a very convincing set of arguments can be adduced in favour. The benefit is not only for proper public debate on issues of government policy, but also for the advance of our scholarly understanding of the way modern economies work.

Third, there is the question of the proper balance between orthodoxy and heresy, between fairly large "teams" and more traditional scholars in the privacy of their own garrets. There is no doubt that the orthodox scientific establishment can sometimes be as ruthless as its political counterpart in the excommunicatory scorn they pour on non-believers; it is splendid that Wynne Godley (and others of the wise men) have survived this experience, and those who helped sustain them deserve praise. But heretics can sometimes display the same undesirable zealotry as their orthodox opponents, and I detect some flavour of this in Wynne Godley's letter.

Insight, experience, courage, originality are very valuable in this, as in all fields of scientific investigation. But we also must pursue rigorous testing, meticulous attention to detail, the normal rather dreary routines of conventional scientific endeavour. We cannot afford to cultivate "a thousand flowers" in this field, but we should be able to afford substantial contributions from both Wynne Godley and those he chose to attack.

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Balladur downplays meeting with Kohl

Germany to send troops to help UN in Somalia

FINANCIAL TIMES
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Herculean task for Italy

ITALIANS HAVE voted by a larger-than-expected margin to reshape the political system under which their country/has been run since the second world war. The referendums on Sunday and Monday confirmed the momentum behind reform, above all the drive to redraw the electoral laws that have produced five decades of weak coalitions. The Herculean task is to translate this wish for change into new policies and structures capable of making Italy a better governed country, able to hold its own in the mainstream of Europe

The difficulties of the transformation bear some resemblance to those that have confronted countries in eastern and central Europe. The struggle has been made more complex by the challenge of steering Italy through its most severe recession for 20 years, while limiting the country's chronic budget deficit. But after the damage wrought by revelations of corruption and misdoing, the country's political establishment has now no choice but to proceed with renewal with utmost speed.

The direction of the desired transition is now evident. The Italian parliament must quickly transcribe the voters' wish for an end – or at least a substantial modification – of proportional representation into legislation ensuring a new basis for elections, perhaps as early as the autumn.

Full-scale rewriting of Italy's 1946 constitution is a task which should await the next parliament. But the process of constitutional reform is not merely at the top of the agenda; it is now under way.

The nature of the politicians and the parties who will carry out the electorate's mandate for change is far less clear. Mr Giuliano Amato, the current prime minister, could stay on at the helm of a new interim government specifically charged with organising a transition culminating in its own extinction. In view of the urgency of its tasks, not least in the budgetary field, such an interim administration should draw support from as broad a coalition as possible. This could include not only the Radicals, but also the Lombard League, whose rise in northern Italy has dramatically reflected the yearning for a break with the past.

Neither Mr Amato nor any other established party figure would seem suitable to guide Italy beyond the next elections. New figures will be needed. For all his success in the referendums, Mr Mario Segni, the former Christian Democrat who headed the reform movement, may not fit the bill.

In Italy's shifting political landscape, the referendum results guarantee neither a passport to better political management, nor an automatic demise of the old *nomenklatura*. It is unlikely, for instance, that scrapping state funding of political parties will, by itself, make them less prey to nefarious influences.

Furthermore, a first-past-the-post voting system, which increases the likelihood of large majorities by dominant regional parties, may raise rather than diminish the risk of political fragmentation. The Christian Democrats, previously the main party of government, have been badly hit by allegations that Mr Giulio Andreotti, seven times prime minister, has for years been consorting with the Mafia. But if voters – particularly in the south – start to realise that the ending of the old order brings real sacrifices, the party's fortunes could again start to rise.

Italy's natural dynamism needs a political system which will be more open, just and efficient than the one which – precisely because of the possibilities for abuse of power and patronage – has hitherto proved so entrenched. Italy's voters have chosen a high-risk course, but it is the only one available. The transition will bring discomfort. The greater the Italians' recognition that it is worth bearing, the higher will be the chance of success.

Jubilee Line

IT IS now more than a year since work was due to start on the £1.8bn extension of the Jubilee Line to London's Docklands. The delay has been caused by the government's insistence that the developers of Canary Wharf should contribute £100m towards the project before work begins. Ever since the collapse of Olympia & York, the company that built Canary Wharf, the wrangling has continued over who should pick up the bill.

Suddenly, however, the skies appear to have cleared. The Luxembourg-based European Investment Bank has announced that it is prepared to put up £98m towards the line's construction costs under its remit to stimulate economic growth in the European Community. A 15-year loan will be provided to whichever private sector body takes over Canary Wharf from the administrators. That body will hand over the money to the government, and then attempt to service its debt to the EIB out of profits from Canary Wharf.

The structure of the deal suits the government since it will enable ministers to claim that the private sector will still be responsible for the required contribution. But the claim will ring hollow: the EIB, after all, is a non-profit making public sector institution wholly owned by EC member states.

Implicit in the triple A borrowing status that the EIB enjoys when borrowing on the international capital markets is that it customarily lends to public sector projects underwritten by governments. While none of the parties will divulge who is guaranteeing the loan for the Jubilee Line, it is highly improbable that the EIB would have lent to a project as risky as Canary Wharf without the comfort of a government guarantee. The question then is why the government did not save everyone a lot of bother and a year's delay by putting up the money in the first place.

Prison leaks

GROUP 4, the private security company, appears to have neglected the golden rule of prison systems throughout the world – to hang on to the prisoners. During the first two weeks of providing prison escort services in East Midlands, Humberside and Yorkshire, seven prisoners have either escaped from the company's custody or been wrongly released. Others have failed to turn up on time for court appearances. This leakage has provided an embarrassing start to the UK's first private contract for escorting prisoners between prisons, police stations and courts.

For Group 4, one of the largest security organisations in the world, these are particularly embarrassing events. The company already runs Britain's first privately managed prison, Wolds, and is bidding to manage Strangeways prison, Manchester. It has assembled a strong management team to provide custodial services by recruiting senior police and prison officers and Home Office officials. And it has provided extensive training for its carefully vetted staff – many with experience in the police, prison service or armed forces – in special facilities which include a mock courtroom and cells.

Yet the company can rightly claim that not all the problems with prisoners were its fault. Mr Derek Lewis, chief executive of the Prison Service Agency, has blamed design flaws in escort vehicles built to Home Office specifications for two escapes. The responsibility for one premature release has been accepted by the magistrates' court concerned. And the information needed to organise the complex movement of prisoners between 20 prisons, 71 police stations and 82 courts has been supplied late to Group 4.

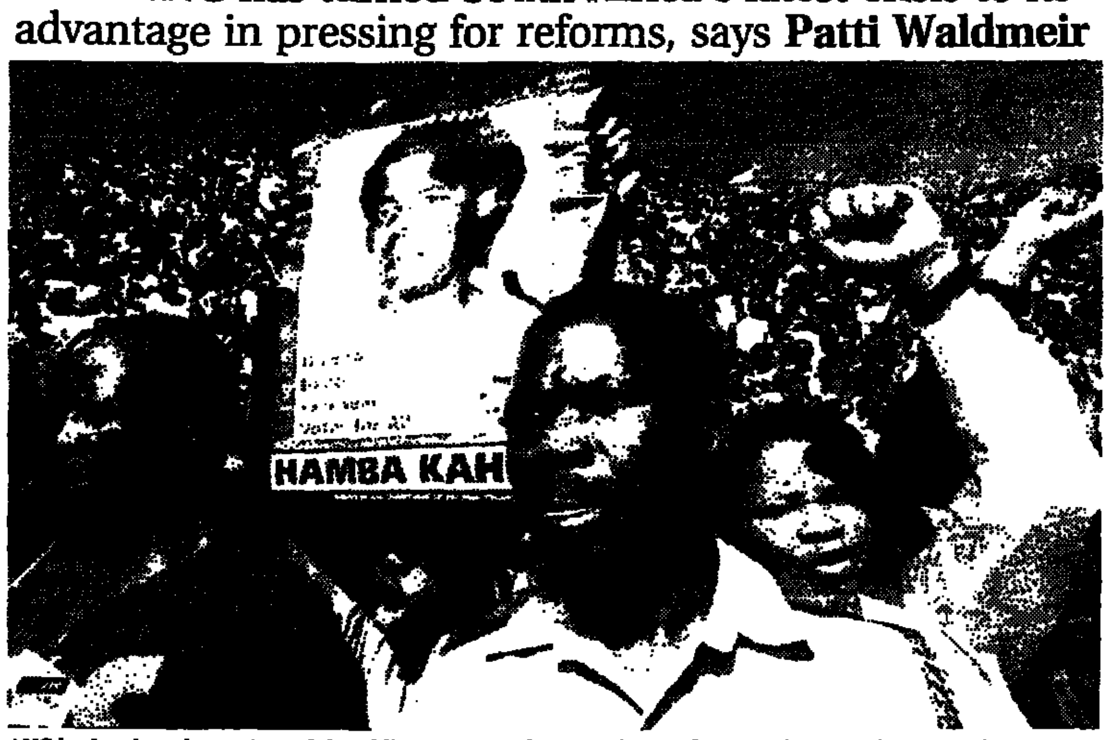
Nor do the police and prison service have an unblemished record in safe delivery of prisoners. More than 30 prisoners escaped from prison service custody last year in the region covered by the Group 4 contract. The figure for escapes from police custody is not available. In any case, the use of police and prison officers to escort prisoners is a waste of highly-trained staff who could be deployed more effectively on their mainstream duties.

Ministers now accept that introducing such a complex contract on one day was unwise. A phased switch would have allowed the contractor to deal with teething problems and ensure a timely flow of information. It would also have allowed the 400 staff to be trained on the job, rather than in the pale imitation of a training centre. The next contract to be awarded, for prison escort services in London, will be introduced on a phased basis.

However, Group 4 has still to prove its competence in providing this essential and high-profile public service. Failure to do so would pose a grave threat to further contracting out of prison escort services, since the company is one of the strongest bidders in this new market. The government must therefore be certain that it does everything possible, on its side, to ensure that the contract runs smoothly.

Still on the path to peace

The ANC has turned South Africa's latest crisis to its advantage in pressing for reforms, says Patti Waldmeir



ANC leaders have begun to exploit public anger over Chris Hani's murder to achieve broader political goals

Ignore the images of mayhem and bloodshed broadcast over the past 10 days from South Africa: the sober fact is that 35 people have died in violence linked to the May 10 assassination of African National Congress leader Chris Hani – a daily toll that is less than the average for the year as a whole.

The ANC has spent the past 36 hours celebrating that fact, congratulating itself for containing what was potentially the most explosive event in South African history. Millions engaged in protest at the death of the man now guaranteed a place as one of the liberation struggle's greatest martyrs.

ANC marshals dealt with crowds up to 100,000 strong, and subdued them without arms, with almost no logistical support, with the force of will and moral persuasion. It was an impressive display of discipline and organisation, and one which will give the ANC's future electoral opponents ample cause for concern.

But if the ANC has crossed one hurdle without stumbling, others remain. Its leaders originally set out merely to manage the crisis caused by Mr Hani's murder. But now they have turned it to advantage, and have begun to exploit public anger to achieve broader political goals.

As publicly stated, those goals are: agreement by the end of May on a date for the first multi-racial elections; installation by the same date of the first phase of interim government, a multi-party Transitional Executive Council to rule with the incumbent National party; and joint control of the security forces, blamed by the ANC for Mr Hani's murder (though there is no evidence they were involved).

To support these demands, the ANC has announced a six-week programme of mass action – marches, strikes, and boycotts. Inevitably, public outrage over Mr Hani's death will dissipate over that period. But before it does, party leaders hope to be able to produce what has eluded them so far – concrete results from the negotiating table.

Superficially, producing those results appears simple. For both the ANC and the government – the two main parties to multilateral constitutional talks – agree that elections should be held as soon as possible. The government wants elections by April 1994 and the ANC largely agrees, though it would accelerate the timetable by a few months. Likewise, the government and the ANC want to see a Transitional Executive Council – a multi-party body charged with "levelling the playing field" ahead of elections – in place by June. That body, and its several sub-councils, would supervise any government action which has an impact on the political arena, but would not constitute true joint government.

So the ANC could push the government, obviously shaken by the massive protests and fearing greater instability, to set an election date with despatch. But elections to what body, and under what constitution? Elections cannot be held until the multi-party forum decides how regions are to be represented in the new South Africa, whether there will be a unicameral or bicameral legislature, whether an executive president or prime minister, whether South Africa is to be a unitary or a federal state; they cannot be held under the current constitution, which bars blacks from voting.

Yet agreement on a new, interim constitution appears to be months away. So the negotiators are left with an unenviable choice: risk public wrath by refusing to set an election date, or set a date without constitutional agreement. Once that is done, parties would be forced to agree a constitution in short order, or court national disaster by postponing the poll; a constitutional accord could only be achieved by forcing out of the negotiating forum any party which impedes progress towards early agreement. And such an exclusion could mean that potentially large sections of the population would not view the constitution as legitimate, jeopardising democracy in South Africa.

The test comes when the 26 parties involved in the negotiating process return to the table. Apart from the government and the ANC, the third crucial participant is the mainly Zulu Inkatha Freedom party. The others can be steam-rollered without affecting the legitimacy of the constitution.

But to force the departure of Inkatha – which opinion polls show might command 10 per cent of the national vote, and substantially more in the violent Natal province – would be a serious blow. Inkatha has already said an election date cannot be agreed until the fundamental question of the form of the future South African state, unitary or federal, has been decided.

Inkatha opposes not just the setting of an election date, but also the installation of the Transitional Executive Council. For the party rejects any form of interim government, and wants the unelected multi-party negotiating forum to agree a final constitution (opponents of Inkatha's leader, Chief Mangosuthu Buthelezi, say he wants a constitution written now because his influence would be diluted by popular elections he could not win). The ANC and others want a two-phase interim government, with the council to be followed by a power-sharing interim government, plus an elected body to draw up a new constitution.

So the ANC will have to assess carefully the impact of its "mass action" campaign. Its declared purpose is to put pressure on the government, but the most serious effect could be on Inkatha, past forcing Chief Buthelezi, to decide whether to continue in a process he opposes or to go it alone. He has already called the ANC's campaign "ridiculous", and said it represents a "setback for negotiations".

After months of patiently trying to draw Inkatha constructively into the negotiating process, the risk is that the two black parties will be on a confrontational path again.

The ANC and the government could probably agree between them on an election date, a Transitional Executive Council, even on an interim constitution. The government recognises the power demonstrated by the ANC on the streets, and is clearly willing to be flexible.

In any case, the gap between them is not huge. Earlier this year, they agreed on multi-racial power sharing through the end of the century, and though disputes remain over how decisions will be taken in the multi-party cabinet, they can be resolved. The two sides have also agreed on a substantial devolution of power to regional governments, and though details are still under debate, agreement in principle is a significant breakthrough.

The main dispute between the government and the ANC is not constitutional, but practical: how to ensure that the security forces do not continue to destabilise the transition to democracy. For while there is no evidence of security force involvement in the Hani assassination – two right-wing whites are in custody for the murder, but they have no recent security force links – the perception in the townships is that Mr Hani was killed by the government. And many of the killings which followed his murder were either carried out by police (12) or in the case of the 19 people killed on the eve of the funeral, with suspected "third force" involvement.

The vexed issue of how to defuse the security force threat, under negotiation for three years already, is again coming to the fore. The government insists that political control of the security forces must remain with it; the ANC wants full joint control of the forces. Somehow, this issue must be resolved before any constitutional progress can be made.

But even if it is resolved, the ANC's two other demands – for an election date and a Transitional Executive Council – must also be met. The government may try to deflect the public outcry by meeting the second demand while referring the first to an independent electoral commission, which would decide when South Africa was "ready" for elections. This seems unlikely to succeed.

Whatever happens, the ANC may yet regret focusing so much attention on the constitutional talks. They are tortuous and slow, and can produce only compromises, not outright victories for the ANC. The movement's leaders may yet find that it is they – not the government – in the hot seat, having left their constituents expecting something they cannot quickly deliver.

Clinton joins the interventionists

PERSONAL VIEW

American reactions to the industrial challenge from Japan in the 1990s resemble those of Europeans to the challenge from the US in the 1960s – as Robert Reich, President Bill Clinton's US secretary for labour, has stated. It is not surprising therefore that the US administration should emulate Europe in its industrial policies.

Mr Clinton is proposing that more federal funds should be available to finance the development of industrial technology, with the emphasis on areas where industry is supposed to be threatened by foreign competition – such as aircraft motors and supercomputers – or where developments are expected to generate wider benefits, such as a national high-speed computer network and technologies to reduce environmental damage.

These policies are not entirely novel for the US; both Republican and Democratic administrations have financed large and expensive development projects – such as satellites, rockets, supersonic airliners and synthetic fuel plants – nearly all of which have been failures, as a recent study by the Brookings Institution emphasised*. The tax credit for industrial research and development expenditure, the most expensive part of President Clinton's new package, dates back to 1981.

But the scope of the "technology support programme" is greater than anything seen previously and, although it is relatively modest at some $3.4bn a year, the presidential rhetoric that has accompanied it suggests that there may be more to come. The policies therefore seem to represent a break with those of Republican presidents, and to augur competition with Europe and Japan on subsidies. In all three regions there are now governments which believe they ought to do something to improve industrial performance.

Experience in the US as well as Europe suggests that the effects of the new programme are likely to be trivial; and the most beneficial are likely to be the cheapest, such as improving advice on technology available to small companies. The expensive tax credit for industrial research and development is unlikely to have much effect on industrial performance, although it will have an effect on the amount of expenditure described as R&D in companies' tax returns. In any case, increasing industrial expenditure on R&D does not in itself improve performance; R&D is an input, not an output.

Experience in the US and Europe suggests the effects of Clinton's programme are likely to be trivial

This programme is backed by many academic studies, some of whose authors, such as Robert Reich, Laura Tyson, and Lawrence Summers, are now members of the administration. But the arguments they use to justify subsides are not convincing. Summers, under-secretary for international affairs at the US Treasury, has argued that the high wages in capital – and R&D – intensive industries represent "excess rents", because these earnings cannot be explained by the available information. Foreign subsidies, such as those to Airbus, the European aircraft consortium, are then said to transfer rents, and so economic welfare, from the US to the subsidising countries. But unexplained differences in pay may reflect unobserved differences in quality, so the rents could be imaginary. Summers' arguments do not show that subsidies would improve economic welfare; but they would transfer money from taxpayers to employees of subsidised companies.

This group of academics also alternates between confidence that its results are relevant to policy, and recognition of the difficulties of implementing an industrial policy successfully. The recognition by Tyson, the chief White House economist, of these difficulties led her to recommend that support should be limited to generic research.

Governments cannot easily intervene to improve industrial performance. It may seem that some wonderful new technology is failing to be exploited; but there is usually a good reason for this. And if a government offers grants to industry, it will soon learn that the cheapest finance is the preferred source. The government will then find that its funds are often replacing private funds, and the true effect of its largesse is difficult to establish.

To a European observer, it is strange that the US government should think industrial innovation needs more government help. American industrial weaknesses seem more related to the number of large and arthritic companies than to lack of innovation; and increased government intervention could weaken the entrepreneurial spirit that has made the US the world leader in new industries such as microprocessors, personal computers and biotechnology. Mr Clinton may be tackling the wrong problem.

David Sawers

The author is an economic consultant

**D R Cohen and R G Noll. The Technology Pork Barrel, Brookings, 1991.*

OBSERVER

Return of the gang show

■ When was the last time there was a really inspired choice of chairman of one of Britain's blue chip companies?

Take yesterday's clutch of announcements. Sir Christopher Benson, the property developer, is going to be the chairman of Sun Alliance, Geoffrey Maitland Smith gets Hammerson Property and Thorn EMI boss Sir Colin Southgate inherits PowerGen.

Where, however, are all the new faces? Sir Christopher is a chartered surveyor who has spent most of his life with MEPC, which is scarcely one of the great success stories of the property world.

Much the same applies to the retailers Sears, where Maitland Smith has been chairman since 1985. As for Sir Colin Southgate, now that he's got his seat on the Bank of England court, he must already have a great many demands upon his time.

At least Sir Graham Day, PowerGen's outgoing chairman was different. He has a beard, comes from Canada, and has a reputation for knocking heads together. Just imagine the excitement if the chairmanship of one of Britain's insurance companies or clearing banks was passed on to a hot-shot retailer like Argyll's Sir Alastair Grant or a successful industrialist like BTR's Sir Owen Green.

Instead, it often seems that – in the City at any rate – top jobs keep on being handed out to the same type of people, who then hang on to them. The chairman of General Accident has been a director for over 30 years and the chairmen of GRE, Commercial Union and Sun Alliance has each been a director of his respective organisation for over 20 years.

Many such organisations would surely benefit from an infusion of fresh blood. But perhaps the really successful businessmen capable of providing it are too busy already.

Stone's throw

■ So what did jovial Wim Duisenberg, outgoing chairman of the European central bank governors' committee, say when asked in Basle about the likely home of the new European Monetary Institute, due to be set up next year?

First, that he, the Dutch central bank governor, knew of a most suitable building in Amsterdam. Second, that it "does not contain any marble".

Multiplication

■ There are just too few babies in Japan. Seiroku Kajiyama, secretary-general of the ruling Liberal Democratic party, says so. And furthermore that is the prime reason for the faltering competitiveness of the country.

'I bought shares in Eurotunnel with all the money I've saved in bribes'

One of a family of 10, Kajiyama told a seminar of female LDP supporters that large families foster a competitive spirit. "You don't need to have as many as 10, three to five would do," he said, explaining that the stampede for food at the dinner table encourages the survival instinct.

Some senior LDP officials seem to be obsessed with the fact that women are choosing to have longer careers and fewer children, leaving Japan with a birth rate of 9.8 per 1,000 last year, the lowest recorded. The figure prompted Kajiyama to compare modern Japan to failed socialist societies, which he thinks lacked the fierce entrepreneurial spirit that big families inspire.

Kajiyama's homespun theory is a contribution to the debate over the rise of the shinjinrui, the "new type of people" – those who, unlike their forebears, are willing to take holidays, swap jobs and generally enjoy themselves. The very people, indeed, who would have the time to produce the babies he is so keen to see.

Me . . ?

■ Is Peter Lilley harbouring a secret or is he suffering from amnesia? Introducing himself to MPs on the all-party social security committee yesterday, he breezily declared that he was the secretary of state for trade and industry. Observer wonders whether he has told Michael Heseltine.

Pecking order

■ What could almost be called an official attempt to put the VAT among the pigeons is being contested by lone Lancastrian Martin Gartside, watched by beady eyes across the UK. Unless he wins his appeal against the tax order Oldham's local council has slapped on his pigeon loft, his fellow fanciers could face similar bills nationwide.

The council, for which he works when not serving as secretary of the Border of Amalgamation of Racing Pigeon Societies, claims the tax is due because the loft is half a mile from his home.

He argues that the loft's inhabitants are properly classed as poultry, and so exempt from the tax. If he didn't prefer to race them, he could kill them and eat them, he says.

It remains to be seen whether he is counting his chickens before they are hatched. Although the tribunal hearing the appeal has reached a reserved verdict, no date has been set for the judgment to be handed down.

Could be worse

■ It's doubtful whether all members of the Society of Practitioners of Insolvency will appreciate the image chosen for them by their president, Price Waterhouse's Mark Homan, in justifying their need to prosper from others' failures. "We're like Blackpool landladies. We have to make our money in the season," he said.

But the simile should at least be preferable to Labour MP Austin Mitchell's likening of accountants to prostitutes marketing their wares – with one important difference. "If they kill you, prostitutes don't act as the undertakers too."

By the book

■ Definition of a management consultant: someone who sees something working in practice and wonders if it'll work in theory.

FINANCIAL TIMES
Wednesday April 21 1993

Italians seek a new government after referendum backs reform

By Robert Graham in Rome

ITALIAN political leaders yesterday began the complex task of trying to reach agreement on a new broad-based government in the wake of Monday's overwhelming referendum vote for quick reform.

The eight referendums, all of which were approved, will have to be converted into law within 60 days. This involves a large amount of legislation and considerable consensus in a parliament where party loyalties are frayed.

The sheer size of the referendum victory has caught politicians by surprise and complicated the replacement of the four-party coalition headed by Mr Giuliano Amato, who on Monday informed President Oscar Luigi Scalfaro that his government, formed last June, had ended its useful life. The Socialist prime

PAGE 2
■ Voters seize the opportunity to make their presence felt
PAGE 23
■ Editorial Comment

minister is expected to spell out his strategy and the timetable for his resignation when he addresses parliament tomorrow.

Most political commentators agreed that parliament had to decide on two broad options for the next transitional government. The 82 per cent vote to change the electoral system for the Senate – and by extension for the Chamber of Deputies – pointed strongly towards a government headed by a new face or at least a figure above party politics.

Mr Mario Segni, leader of the referendum movement, is the most obvious new face. However, he will not be easily backed by the Christian Democrats whom he deserted two weeks ago. His supporters said yesterday he risked losing political capital by heading a government of limited duration while he had yet to form a party of his own.

Mr Scalfaro is reportedly averse to choosing a prime minister who is outside parliament or "institutional" like the leader of the chamber of deputies. The latter is the favoured solution of the main opposition party, the Party of the Democratic Left, formerly the Communists. In this deadlock, despite the demand for a new face, Mr Amato may well prove the most effective person around whom to build an enlarged coalition.

The parties are anxious to achieve a quick solution. The government has several vital issues pending, including wage/productivity talks with the unions and a mini-budget to curb the public sector deficit.

Parliament itself must address the urgent task of deciding whether to waive parliamentary immunity on Mr Giulio Andreotti, the veteran Christian Democrat politician and seven times prime minister, accused of alleged links with the Mafia. Yesterday magistrates sent further evidence to parliament, including photographs allegedly showing Mr Andreotti with Mafia figures.

They cited 26 alleged colour photographs of Mr Andreotti being present with a wanted Mafia killer at a Rome church ceremony, and attending at least two meetings in Sicily with known Mafia bosses. The information was supplied by the former chauffeur of Mr Toto Riina, the "boss of bosses", arrested earlier this year.

Bitter clashes erupt ahead of Russia's referendum

By John Lloyd in Moscow

THE CAMPAIGN ahead of Russia's referendum on Sunday grew more bitter yesterday as the parliamentary speaker claimed President Boris Yeltsin would win only by cheating and vice-president Alexander Rutskoi declared his willingness to take on the presidency.

Mr Yeltsin's supporters countered that "aggressive opposition", amounting at times to physical intimidation, had been reported in some regions, while the pro-Yeltsin head of the Penza region had been falsely arrested and his family terrorised by the police.

Charges and counter charges of corruption and skulduggery are now flying between the two camps. The charge by Mr Ruslan Khasbulatov, the parliamentary speaker, that the president would trick his way to victory was coupled with the accusation that the president was "under the control of criminal elements".

However, according to the news agency Interfax, Mr Khasbulatov appeared to concede victory to Mr Yeltsin – though it was unclear on what terms.

Mr Sergei Filatov, Mr Yeltsin's chief of staff, was also cautiously optimistic that Mr Yeltsin would win popular support for a key question of the referendum – that of trust in himself.

However, Mr Filatov complained that 64 per cent of the local councils involved in organising the referendum had a "hostile position" to the president.

Mr Filatov also noted that even if 70 per cent of voters turned out

Alexander Rutskoi: declared himself a candidate for the presidency

– a figure which government polls suggest might be possible - it would be highly unlikely that a majority of the total electorate would vote for the president, as parliament has demanded.

Meanwhile, General Rutskoi said he would put himself forward as a presidential candidate if Mr Yeltsin was forced to resign through losing the referendum. He said: "I want only one thing – to stop this corrupt and criminal chaos which is called reform".

Avoiding direct criticism of Mr Yeltsin, he said: "I have one complaint about the president – he has fallen under the influence of his entourage [which] . . . is immoral and remote from the problems of our society."

Gen Rutskoi would automatically take over the presidency if Mr Yeltsin resigned, but this marks the first time he has stated his presidential ambitions.

Mr Yeltsin, meanwhile, vigorously defended his policy of using foreign assistance to help economic reforms by attacking those who said he should be ashamed to be begging.

"Those who say we have become a beggar do not know our own strength and the power of our people. Russia is a rich society – we are really rich but in our history we have not been able to handle our richness in a civilised way," he said.

Serbs reject UN plea on disarming Moslems

By Robert Mauthner and David White in London and Laura Silber in Belgrade

UNITED NATIONS forces in Bosnia-Hercegovina yesterday formally asked for more time to disarm Bosnian Moslem troops in the besieged town of Srebrenica, but the request was rejected in advance by the Bosnian Serb army.

Failure to disarm the Moslem troops by today's noon deadline could wreck the ceasefire negotiated by Bosnian Serb and Moslem military commanders last weekend.

The UN Protection Force, which has asked for a 72-hour extension of the limit, has admitted that only a few of the town's Moslem defenders have so far surrendered their weapons. However, General Milan Gvero, deputy commander of Bosnian Serb forces, has insisted the disarmament pact be carried out to the letter.

An Unprofor official said the peacekeepers, who were due to meet representatives of the warring parties at Sarajevo airport yesterday, would also renew efforts to persuade the Serbs to withdraw from the perimeter of Srebrenica to beyond gunfire range.

The UN said it had not yet determined the parameters of the "safe zone" to be established around the town, in the Drina River valley. It has also proposed the creation of similar safe havens around Gorazde and Zepa, the last two remaining Moslem strongholds in eastern Bosnia.

The Bosnian Serb army protested yesterday to UN peacekeepers against the flights of two Nato F-16 jets which "buzzed" the Bosnian town of Banja Luka for the second consecutive day, the Tanjug news agency reported.

Meanwhile, Britain is expected to press the case for caution over any new military initiatives in Bosnia during two days of talks in the US between Mr Malcolm Rifkind, the UK defence secretary, and his US counterpart, Mr Les Aspin.

Mounting pressure for more forceful western action in Bosnia is expected to dominate the discussions.

The talks follow a Monday night meeting between Mr Rifkind and Mr François Léotard, French defence minister, who agreed that military action to try to stop the fighting in Bosnia would jeopardise UN humanitarian efforts and endanger the lives of British and French troops protecting aid convoys.

The two ministers expressed strong reservations about suggestions that the UN arms embargo should be selectively lifted to help the Bosnian Moslems.

"We also have very strong reservations about the idea of military action from the air for the moment, as long as the UN soldiers have not been regrouped and better protected," Mr Léotard said.

Major tries to calm Tory fears on Bosnia, Page 7

Beijing plans $1bn shopping and commercial complex

By Tony Walker in Beijing

BEIJING is to build a $1bn shopping and commercial complex only a few hundred metres from the compound where China's communist leadership lives in seclusion, symbolising the growing clout of the urban Chinese consumer.

Under a Beijing municipality plan the state-controlled Hua Yuan Real Estate Company will head the redevelopment of Xidan street. Construction is expected to start in June.

The English-language China Daily reported yesterday that foreign companies, including Jing An Investment of Hong Kong, would participate in the project which involves building a 585,000 square metre complex just north of Chang An boulevard, Beijing's main thoroughfare.

Foreign investors are rushing into China's consumer market enticed by the lure of millions of cash-rich and product-starved consumers as Chinese living standards continue to rise. According to a recent survey by the management consultants McKinsey, China has already outstripped many other Asian consumer markets.

"With China's huge population even a small overall percentage of high-income consumers (with $1,000 plus of officially reported income) adds up to a real consumer market of some 60m people, a reservoir of wealth equivalent to all of Thailand and greater than all of Malaysia," said the report.

The Xidan street project, to be known as Xixi, will include six high-rise buildings, two car parking towers and a number of office and apartment buildings.

Hua Yuan is one of Beijing's largest property developers with assets of about $200m.

High borrowing seen as threat to union

Continued from Page 1

ses[to maintain [a country's] currency's central rate in the ERM was seen to be increasingly at odds with the needs of its domestic economy".

Amplifying on these comments, Mr Duisenberg dispensed with the normal diplomatic language of central bankers with some sharp comments. He said that during Britain's short-lived ERM membership it had reduced interest rates on nine occasions – "a couple of times too many" – while other EC nations had complied with EC operating rules by increasing their borrowing costs to keep their currencies in line with the D-Mark.

He was also critical of governments which, during currency crises, stated their firm opposition to realignments and then did otherwise. "If you make statements you need to stick to them," he said.

While the pound was welcome to rejoin the ERM, Mr Duisenberg thought it would be in the UK's interest to make the Bank of England rather than the Treasury responsible for interest rate decisions so that these matters were taken out of the hands of politicians.

The governors' report said that in the light of the strains "the restoration and maintenance of the credibility of the [ERM] . . . is a very important objective".

World Weather

		°C	°F			°C	°F
				Boulogne	S	20	68
				Brussels	S	21	70
				Budapest	F	14	57
Ajaccio	S	18	64	Buenos Aires	R	22	72
Algiers	S	27	81	Cairo	S	25	77
Amsterdam	S	19	66	Cape Town	S	30	86
Athens	S	20	68	Caracas	F	31	88
Bahrain	S	32	90	Casablanca †	S	24	75
Bangkok	F	35	95	Chicago †	R	4	39
Barcelona	S	17	63	Cologne	S	20	68
Beijing	F	25	77	Copenhagen	S	10	50
Beirut	S	19	66	Corfu	S	19	66
Belfast	F	13	55	Dallas †	F	14	57
Belgrade	F	14	57	Dublin	F	12	54
Berlin	F	11	52	Dubrovnik	S	18	64
Bermuda	R	19	66	Edinburgh	F	13	55
Bombay	F	30	86	Faro	F	19	66
Bordeaux	S	25	77	Florence	S	18	64

		°C	°F			°C	°F
Frankfurt	F	19	66	Majorca	S	24	75
Geneva	S	19	66	Malaga	F	18	64
Gibraltar	F	17	63	Malta	S	19	66
Glasgow	R	9	48	Manila	F	35	95
Helsinki	S	4	39	Melbourne	F	21	70
Hong Kong	R	21	70	Mexico City	C	26	79
Innsbruck	S	20	68	Miami †	S	21	70
Inverness	R	13	55	Milan	F	19	66
Islamabad	F	34	93	Montreal †	R	1	34
Istanbul	F	15	59	Moscow	R	3	37
Jakarta	R	33	91	Munich	S	18	64
Johannesburg	F	21	70	Nairobi	C	23	73
Lisbon	F	18	64	Naples	F	17	63
London	S	18	64	Nassau	F	25	77
Los Angeles †	S	16	61	New Delhi	S	30	86
Luxembourg	S	18	64	New York †	F	13	55
Madeira	S	21	70	Nice	S	17	63
Madrid	S	22	72	Nicosia	S	19	66

		°C	°F			°C	°F
Oporto	F	18	64	Tenerife	S	23	73
Oslo	F	7	45	Tokyo	C	11	52
Paris	S	23	73	Toronto †	R	4	39
Prague	F	12	54	Tunis	S	24	75
Reykjavik	S	7	45	Valencia	S	19	66
Rhodes	S	18	64	Venice	S	17	63
Rio d'Janeiro	F	34	93	Vienna	C	9	48
Rome	S	17	63	Warsaw	F	9	48
Salzburg	S	17	63	Washington †	F	15	59
S'Francisco †	S	10	50	Zurich	S	20	68
Seoul	S	22	72				
Singapore	F	29	84				
Stockholm	F	5	41				
Strasbourg	S	21	70				
Sydney	S	24	75				
Taipei	C	27	81				
Tangier	F	21	70				
Tel Aviv	S	19	66				

Temperatures at midday yesterday
† Noon GMT temperatures
C-Cloudy Dr-Drizzle
F-Fair Fg-Fog H-Hail
R-Rain S-Sunny
Sl-Sleet Sn-Snow
T-Thunder

THE LEX COLUMN

Mutual satisfaction

Aegon's £240m investment in Scottish Equitable gives it cheap access to the UK life assurance market while neatly side-stepping the lengthy process of demutualisation. The Scots get an overdue injection of capital without surrendering control – or the valuable with-profits fund, which retains its mutual status within the new company. That structure will doubtless appeal to other cash-strapped mutual life offices. UK banks and building societies are most likely to be copycat suitors. With conditions tough in continental Europe, other insurers may not be feeling expansive and, in any event, most mutuals need new channels of distribution as much as capital, so UK-based partners are more attractive.

Whether Aegon is paying a fair price remains an open question. Since the with-profits fund is ring-fenced, it is buying only an interest in the unit-linked portion of the business. Yet both sides are coy about value embedded in that fund and past profits. A similar deal between public companies would surely demand a higher standard of disclosure. Scottish Equitable policyholders are being asked to take a lot on trust.

Aegon shareholders might also doubt the wisdom of committing funds to UK life assurance just as banks and building societies are moving in. That inflow of capital must surely lead to diminishing returns. Without the support of Aegon, Scottish Equitable would have to abandon the dizzy pace of growth seen in recent years. Others must now find partners or face a squeeze. The evidence suggests no shortage of backers willing to take an optimistic view.

UK economy

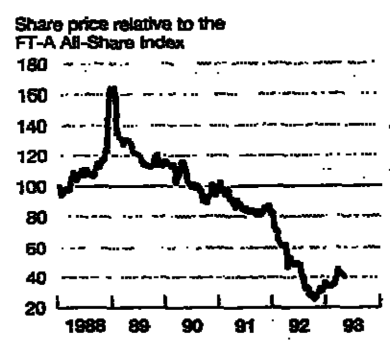
March's record public sector borrowing – £11bn excluding privatisation receipts – is a truly heroic effort. A decade ago, such a total for the year as a whole would have been a disaster. Yesterday the gilt market barely blinked. Such insouciance will only be justified if March turns out to be a one-off. Cash limits encourage departments to spend unused cash before the financial year-end. In 1992-93, buying from outside contractors may have proved more cost-effective than expected, leaving more cash looking for a home. But if so, why did the chancellor have no inkling of it when he delivered a much lower estimate in the Budget five weeks ago?

Until now, the markets have

FT-SE Index: 2856.1 (+26.1)

Hammerson

Share price relative to the FT-A All-Share Index



Source: FT Graphite

assumed that the chancellor's prediction of a £50bn budget deficit for 1993-94 was deliberately pessimistic. That may prove a false expectation. The overshoot last year also means that the Treasury has pre-funded less of this year's borrowings than first thought. While the government will doubtless get the debt away, it cannot afford attacks of nerves if it is to sell gilts at current yields. Its prospects are not improved by the Bank of England opportunistically auctioning stock at any maturity. Issues aimed at the banks, and a tough spending round, will be more persuasive.

Hammerson

The brightest gloss that can be placed on Hammerson's dismal results is that the property cycle is probably approaching its nadir. The company's net asset value and earnings per share have now fallen below those of a decade ago. Despite continuing weakness in international property markets, it is hard to see Hammerson slipping much further from here.

The stock market certainly called the turn for the sector following Black Wednesday. The question is how soon growth can be resumed. On this score, the rise in Hammerson's gearing from 78 per cent to 114 per cent is unnerving. The 51 per cent fall in earnings per share meant that even the cut dividend was barely covered. Like several other property companies, Hammerson is relying on sales of high-yielding assets to fund its pay-out. Last year, Hammerson realised £188m from disposals; more than £100m is promised this year too. The trouble is this only worsens Hammerson's operating cash flow, making it hard to spruce up properties and, eventually, replace its portfolio. A rights issue is the obvious route out of the dilemma.

While the new directors prepare their case, Hammerson will be vulnerable should the much-rumoured bid materialise – although shareholders cannot pray for anything approaching Rodamco's offer of almost £10 per share just four years ago. Takeover talk, though, would help support the share price, and it might even enable Hammerson to get the issue away at a less painful discount.

Airline talks

The exploratory chat between the UK and US governments over liberalisation of their bilateral aviation agreement produced much tough talk. But given the industry's highly-politicised nature, consumers should not start planning for bargain flights across the Atlantic just yet.

In framing its position, the UK government will doubtless listen carefully to the views of British Airways. But BA faces a tricky calculation as to whether it stands to gain more from greater access to the US market than it would lose from higher US penetration at Heathrow. Large concessions from the UK government may also infuriate investors. Many bought shares in BA on the basis of its privatisation prospectus which suggested few changes to the regulatory regime. It would be ironic indeed if BA's American shareholders, who account for more than a quarter of the company's equity, were to sue the UK government for giving US carriers more landing slots at Heathrow.

New issues

It would be unwise to get carried away by the apparent success of recent flotations. The Stock Exchange's combined placings and offers for sale system lends itself to a little hyperbole. Yesterday the announcement of Stagecoach's flotation focused on an oversubscription of 7.9 times. Well, not quite. It is true that the 11.05m shares on offer to the public attracted applications for 86.8m shares – a subscription of 7.9 times or an over-subscription of 6.9 times. But that ignores the 21.8m shares placed with institutions and the 1.2m shares reserved for directors et al. When they are addded back, the total offer was subscribed 2.6 times and oversubscribed only 1.6 times.

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INSIDE

Volvo management faces AGM anger

Mr Pehr Gyllenhammar, Volvo chairman, will confront more than the ire of small shareholders over executive pay when he stands up at the Swedish carmaker's annual meeting in Gothenburg today. He will also face questions which go the heart of his long stewardship of the company. Page 26

Oerlikon-Bührle returns to profit

Oerlikon-Bührle, the Swiss armaments and engineering group, returned to profit for the first time since 1985. The group under new management since 1991, recorded a net profit of SFr37m ($24.7m) in 1992, against a loss of SFr915m a year earlier. Revenues were down 1.5 per cent to SFr3.57bn but group operating profit was SFr232m, against a SFr9m loss. Page 26

Black wins Fairfax go-ahead

The Australian government will allow The Telegraph, Mr Conrad Black's (left) British newspaper group, to raise its stake in the John Fairfax media group to 25 per cent. Mr John Dawkins, Federal Treasurer, said the decision reflected "the valid need of foreign investors to safeguard their financial and managerial commitment to their newspapers". Page 29

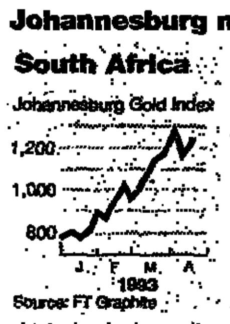
Chemical Banking hits $374m

Chemical Banking, the third-largest US commercial bank, reported a 44 per cent increase in profits to $374m for the first quarter of 1993. The net income figure was struck after a $30m charge related to the acquisition of assets from First City of Texas by Texas Commerce Bancshares, a Chemical affiliate. Page 28

Yeltsin's black stuff

Mr Yuri Shafranik's job as Minister for Fuel and Energy is vital to the recovery of Russia's shattered economy. "Oil," he believes, "is the guarantee of reforms and of the resurrection of Russia." Output has been falling for more than three years, oilfields are starved of investment, waste and neglect are endemic. Page 34

Johannesburg nerves subside



The Johannesburg Stock Exchange breathed easily for the first time since the Easter assassination of Mr Chris Hani. The overall index closed at 3,576, up 18 from Monday, the day of Mr Hani's funeral, and close to the pre-Easter level of 3,589. The JSE's performance underplays white South African nervousness. The institutions which dominate equity markets are notoriously chary sellers. Back Page

Market Statistics

Companies in this Issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Asko	618	+	8
Philips Kommun	541.6	+	9.8
Falls			
Hochtief	1127	-	43
Holzmann Ph	1075	-	30
Linotype-Hell	438	-	6.8
Porsche	503	-	15

NEW YORK ($)

Rises			
Borland Intl	20¼	+	1¼
Intel	101¾	+	4
Seagate Tech	15⅝	+	1¼
Falls			
Chemical Bank	39⅛	-	1
Chem Waste			
Mgnt	13¾	-	1⅜
Wells Fargo	115	-	4⅛

New York prices at 12.30pm.

PARIS (FFr)

Rises			
Imetal	418.9	+	11.4
Falls			
Cr Fonc France	1110	-	29
EBF	705	-	26
Imm de France	815	-	25
Intertechnique	500	-	20
L'Oreal	1075	-	27

TOKYO (Yen)

Rises			
Cesar	1270	+	200
Misawa Resort	800	+	70
Yahagi Iron	334	+	40
Yuki Gosei	1080	+	90
Falls			
Fujitsu	701	-	19
Hitachi	820	-	25

LONDON (Pence)

Rises				Monarch Res	141	+	17
Abbey Natl	395	+	17	Regalian Props	22	+	3
Anglian Water	521	+	11	Spring Ram	71	+	9
Avonside	133	+	13	Tarmac	140	+	7
Bodycote	584	+	20	WPP	66	+	6
Booker	377	+	13	Wellcome	734	+	32
Brit Fittings	62	+	8	**Falls**			
Delta	485	+	18	Airflow	113	-	7
Dixons	211	+	13	BS	388	-	25
Excalibur	17½	+	2	Euro Disney	918	-	65
Expamet	65	+	8	Hammerson A	301	-	19
Freeman Group	139	+	17	MB Caradon	297	-	8
Glaxo	580	+	17				
GUS A	1633	+	40				

■ Result gives little hope of quick recovery ■ Mainframes down by 'high double-digit per cent'

IBM loses $285m in first quarter as sales fall

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines yesterday reported a $285m first-quarter loss, providing little hope for a short-term recovery by the world's largest computer company. Its losses were almost $5bn last year, its worst ever.

IBM said European sales dropped sharply in the first quarter, by almost 14 per cent, with 3 per cent declines in the US and Asia. World-wide sales of IBM's core mainframe computer products were down by a "high double-digit per cent".

One bright spot was a 48 per cent increase in service revenues, which rose to $1.9bn.

Mr Louis Gerstner, IBM's new chairman and chief executive, who joined from RJR Nabisco on April 1, said the results "reflect weak demand and continued competitive pressures in many of our hardware product lines, particularly mainframe computers and large disk drives".

Overall, revenues declined to $13.1bn from $14bn while losses per share were 50 cents, in line with Wall Street's expectations.

In the first quarter of 1992, IBM posted net earnings of $2.5bn, including a gain of $1.9bn from the adoption of a new tax accounting standard. Earnings per share were $1.12, or $4.45 including the one-time gain. Gross profit margins fell to 39.5 per cent, down from 50.8 per cent in the first quarter last year.

IBM said it would continue to "aggressively seek ways to improve the company's profitability," but Mr Gerstner had no comment on what form these actions might take.

In his first public appearance since taking over at IBM, Mr Gerstner will address the company's annual meeting in Tampa, Florida, next week.

IBM said operating expenses declined by 8.9 per cent in the first quarter to $5.4bn, and expenses were expected to continue to decline as the company reduced its workforce. Previously, IBM has said it would eliminate more than 25,000 jobs this year.

The group also said its personal computer business had achieved profitability in the first quarter, with shipments up 40 per cent over the same period last year. Sales of computer workstations also grew strongly.

However, total hardware sales fell to $5.7bn, against $7.1bn. Rental and financing revenues, driven by mainframe computer installations, were down 12 per cent at $1.1bn, while maintenance services fell by 5 per cent to $1.8bn.

Aegon group invests £240m in Scottish Equitable

By Richard Lapper and Norma Cohen in London

AEGON, the Dutch-based insurance group, has invested £240m ($362m) in Scottish Equitable Life Assurance Society in a move which will give it effective control of the policyholder-owned company and provide it with badly-needed capital.

Scottish Equitable is the largest company to "demutualise" through an acquisition. Industry analysts have predicted demutualisation will accelerate as policyholder-owned companies seek capital for expansion.

Scottish Equitable said it sought a partner because it could not sustain growth without more capital. As a mutual, its only capital is the reserves of its policyholders. The transaction gives Aegon, one of Europe's largest insurance companies, access to one of the UK's top life insurance and pensions franchises.

"It's creeping demutualisation," said Mr Bob Yates, analyst with stockbrokers Fox-Pitt Kelton.

The deal involves an unusual structure which will allow Scottish Equitable to maintain some of the characteristics of a mutual company, one of the key stumbling blocks for other companies considering similar moves. The two companies will set up a new company to be named Scottish Equitable Plc and Scottish Equitable will transfer all its existing business to it.

The deal is dependent on the approval of with-profits policyholders, insurance regulators and the UK courts.

Premium payments and investment returns of all current and future with-profits policies will be insulated in a pool, and profits from this pool will be owned solely by policyholders. This pool will receive £200m from Aegon and some of this will be distributed as a one-off bonus, estimated at 40 per cent of one year's bonus payment, to policyholders.

Other unit-linked business – the fastest growing portion of Scottish Equitable's business – will be contained in a separate pool whose profits will be 60 per cent owned by the with-profits policyholders and 40 per cent owned by Aegon. Aegon will inject £40m in capital to this business. Aegon can increase its share of profits to 50.1 per cent with additional injections of capital by 1999.

The interests of the with-profits policyholders are protected through a voting trust which will appoint directors to the new company.

Lex, Page 24

Norma Cohen and Richard Lapper analyse the deal which could set a trend in the search for capital

Mutual sacrifice puts new thinking into boardrooms

YESTERDAY'S deal between Scottish Equitable, the Edinburgh-based life insurance company, and Aegon, the Dutch insurance group, could set a trend.

As competitive pressures in the overpopulated UK life insurance market intensify, many more small and medium-sized mutually-owned life insurance groups may follow in the footsteps of Scottish Equitable, sacrificing or watering down their mutual status to attract fresh capital.

And more European companies could find a link-up with a mutual a cost-effective route for expansion.

"For anyone who wants to get into the UK life sector it looks as though the easiest way could be through a similar transaction," says Mr Tim Dawson, European insurance analyst with Lehman Brothers, the securities house. French, Swiss, Italian and German groups all come to mind as potential buyers, he says.

Scottish Equitable is not the only UK life insurance company short of capital. Industry analysts expect the search for capital is likely to prompt significant mergers and acquisitions in the next few years in an industry which already has more competitors than demand.

Indeed, competitive pressures are partly to blame for the mutuals' capital shortage. For marketing reasons, mutuals companies, who historically have specialised in so-called with-profits business – in which companies "smooth" investment returns over a period of years – have been distributing more in assets than they have been earning on investments, according to Mr Geoffrey Westall, European manager at actuarial consultants Tillinghast. "They are eating into their free reserves," he said.

"It is almost certainly the case that a large number of mutuals will demutualise within a few years," said Mr Peter Hoy, partner at accountants Price Waterhouse, specialising in the life insurance industry. Scottish Equitable, with nearly £6bn ($9bn) in assets under management, thus becomes the largest of the British mutuals to have succumbed to a stronger partner so far.

The irony about SE's search for capital is that it has become particularly necessary because of the company's success in ploughing a narrow furrow in the insurance market. The company is the fourth or fifth largest pensions provider in the UK, and dominates pensions sold through independent financial advisers. By concentrating on the upper end of the IFA market, SE has played to the executive pensions and personal pensions sectors which have proven most profitable in the industry.

In 1992, the company's new total premium income grew by 15.5 per cent to £1.004bn, up from £869m in 1991. Total assets under management grew to more than £5.8bn from £4.6bn in 1991.

But success has its price and that price is capital. "We couldn't have continued to grow at our current rate if we didn't have additional capital," is the blunt explanation of Mr David Berridge, SE's group chief executive.

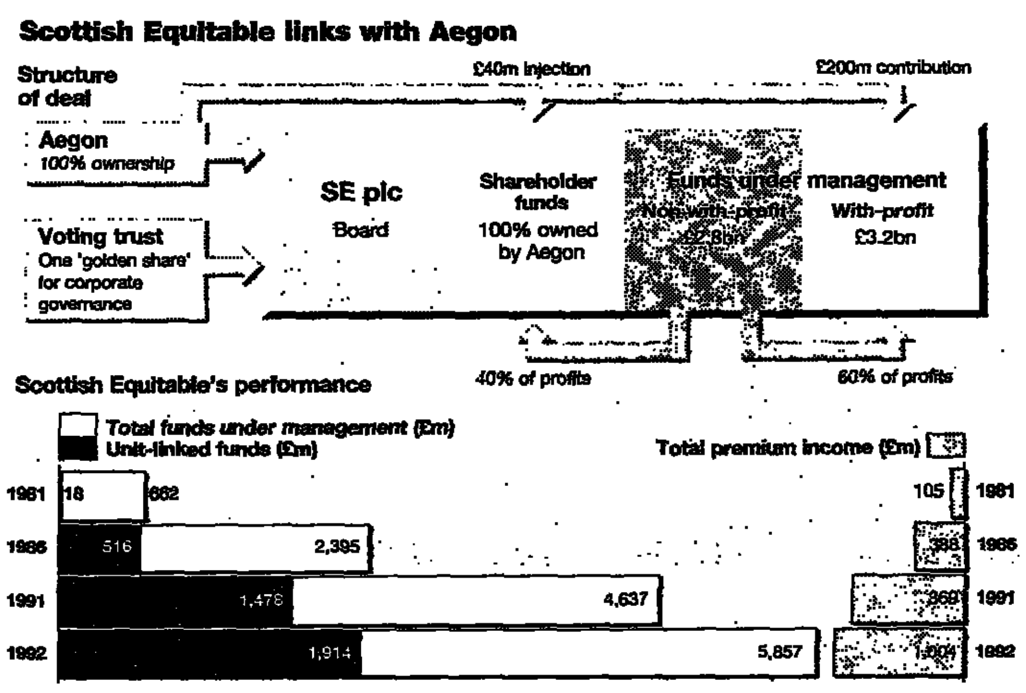
The company's free asset ratio – the estimate of assets over liabilities calculated for regulatory purposes – was 10 per cent at the end of 1992, down from 11 per cent the year before, a level considered uncomfortably close to the minimum 4 per cent margin required by regulators.

In many ways Aegon is an ideal suitor. A creation of a merger between a mutual, AGO, and shareholder-owned Ennia in 1983, Aegon is one of a handful of European mutuals which have modified their own structure to attract capital. Mapfre, the largest Spanish insurer, and Axa, the French group, which in 1991 invested more than $1bn in the US life insurer, The Equitable, when that company demutualised in 1991, are the two most notable examples.

More importantly Aegon has the resources available for expansion. Under the leadership of its chairman, Mr Jaap Peters, who is retiring, the company's decision to focus its business more heavily on less volatile and more profitable life insurance has been highly successful. Premiums from life insurance now account for 64 per cent of premium income, compared with just more than 50 per cent in 1983, and generated more than three quarters of the group's profits in 1992. Income amounted to Fl 15.3bn ($8.33bn) in 1992, with profits – before realised gains – rising to Fl 785m.

Mr Bob Yates of brokers Fox-Pitt Kelton estimates the company has more than Fl 2bn for expansion and says the group is constantly seeking to add to its network of subsidiaries.

Recent acquisitions have been guided by the aim of building sizeable shares of well-defined market segments, an approach which contrasts with the "all products for all customers" philosophy favoured by some of its rivals but which fits in neatly with the thinking of Scottish Equitable.



Philip Morris tobacco declines as discount battle takes toll

By Nikki Tait in New York

PHILIP Morris, which set alarm-bells ringing over the future of branded products when it announced a sharp price cut for its flagship Marlboro cigarettes, , yesterday reported a fall in profits from its domestic tobacco division in the first quarter of 1993.

The US tobacco, food and brewing company said the division, which traditionally accounts for more than half group operating profits, made $1.016bn at the operating level, down from $1.027bn in the same period of 1992.

Operating revenues for the division were 4.2 per cent higher at $2.54bn, but domestic cigarette shipments were down by 1.1 per cent.

Marlboro, the best-selling cigarette brand in the US whose market position has been threatened by the explosive growth in discount cigarettes, saw an 8.3 per cent fall in shipments, to 22.6bn units.

The inroads being made by discount cigarettes – which Philip Morris suggested yesterday now account for 39 per cent of the US cigarette industry – prompted the group to announce the effective price cut of about 40 cents a packet for Marlboro.

At the time, Philip Morris warned that the move could slash operating profits from its domestic tobacco unit by as much as 40 per cent this year.

The US tobacco division contributed to an overall 10.8 per cent advance in Philip Morris' first-quarter profits after-tax, at $1.22bn – a much slower growth rate than the company has reported in recent years. Total revenues were up by 8.1 per cent at $15.2bn.

International tobacco operations saw a sharp 18 per cent operating profits rise, at $675m. On the food side, the US businesses improved by 14.7 per cent, to $626m, while the international food division reported a 10.5 per cent gain, at $342m.

The beer division made operating profits of $93m.

Citicorp moves ahead at $370m

By Alan Friedman in New York and Robert Peston in London

CITICORP, the biggest US commercial bank, reported first-quarter 1993 operating earnings of $370m, or 67 cents per share, up from $183m, or 37 cents a share, in the first quarter of last year. The bank's net profit was inflated to $670m as a result of accounting changes related to tax benefits.

US consumer banking business was weak and the bank's commercial property loan business in North America reported a net loss of $202m in the quarter, less than half the $462m loss a year ago. But most other divisions of the bank did well.

Mr John Reed, Citicorp chairman, said the results reflected a continued drop in credit costs, as well as cost controls. He said the bank continued to strengthen its balance sheet by building bad debt provisions and capital.

Citicorp's tier one ratio of capital to assets stood at 5.2 per cent at the end of March, up from 4.1 per cent.

The bank's consolidated bad debt provisions in the quarter totalled $689m, down from $1.2bn a year ago. Non-performing assets amounted to a total of $10.2bn of assets, only slightly above the $10.1bn level of a year ago. Net loan write-offs in the quarter were $514m, down sharply from $997m in the first three months of 1992.

Mr Bill Rhodes, Citicorp's vice chairman who was given responsibility for credit control at the end of 1991, said during the quarter the bank sold $125m of properties, seized when loans went into default, compared with $300m in the whole of last year. The average price achieved for these properties was 67 per cent of the value of the loans on them. He said banks selling distressed property loans in bulk - rather than selling the properties off one by one, as Citicorp is doing - were achieving around 50 per cent of loans.

Earnings in the global consumer business increased by 30 per cent year-on-year, to $320m. Revenues of $2.6bn were unchanged.

The global finance division reported $353m of first-quarter earnings, against compared with $193m.

The cross-border refinancing portfolio had $40m of earnings in the quarter, down from $130m a year ago and caused by the release of funds from bad debt provisions.

Total Citicorp revenues in the quarter were up by 5 per cent year-on-year at $4.3bn.

Mr Jim McDermott, president of New York bank analysts Keefe Bruyette and Woods, said: "Citicorp continues to show significant improvements in its core earnings. This was a good showing. The report cards are A-plus and the outlook for US banks is good."

INTERNATIONAL COMPANIES AND FINANCE

Oerlikon-Bührle in black for first time since 1985

By Ian Rodger in Zurich

OERLIKON-Bührle, the Swiss armaments and engineering group, returned to profit last year for the first time since 1985.

The group, under new management since 1991, recorded a net profit of SFr37m ($24.7m) in 1992, against a loss of SFr915m a year earlier. Revenues were down 1.5 per cent to SFr3.57bn, but group operating profit was SFr232m, against a SFr9m loss a year earlier, due to cost-cuts.

Financial charges dropped to SFr204m from SFr249m, mainly reflecting a fall in net debt to SFr1.44bn last year from SFr1.8bn at the end of 1991.

The directors said they intended to simplify the capital structure, converting the SFr100 nominal bearer shares and SFr40 nominal registered shares into a single class of SFr20 registered shares.

The current refusal to register foreign shareholders would be softened. Voting rights of foreigners would be lifted only if the aggregate holdings by foreigners exceeded one-third of the capital. This was to ensure the group, which has a large property business, complied with Swiss restrictions on foreign ownership of land.

The directors said they expected a further increase in profits this year, even though orders on hand at the end of last year, at SFr2.9bn, were 6.5 per cent lower than at the end of the previous year. In the first quarter, progress in cutting costs had largely offset renewed decline in the economic situation.

● ABB Asea Brown Boveri, the world's largest power engineering group, said the value of incoming orders dipped 3 per cent in the first quarter to $7.55bn and revenues fell 4 per cent to $6.2bn.But the trend was distorted by exchange rate changes. Excluding these, orders were up 5 per cent and revenues up 3 per cent.

"The recessionary environment and downturn in demand continues in Europe and the slow North American recovery has not yet positively influenced ABB's total order intake," Mr Percy Barnevik, president, told ABB's general meeting in Västeras, Sweden.

But orders for power infrastructure were being booked at a good pace, he added.

Last month, he forecast profits after financial items this year would match the $1.11bn achieved in 1992.

Krupp hit by steel sector losses

By Ariane Genillard in Bonn

KRUPP, the German industrial conglomerate formed through merger of the Krupp and Hoesch groups, returned a loss of DM250m ($156m) in 1992.

Mr Gerhard Cromme, chief executive, said the poor result reflected high losses in the steel divisions, and the mounting costs of financing restructuring plans.

The two groups merged in the middle of last year and these are the first consolidated figures to be reported.

All the group's other divisions, which include machinery, buildings, automotive parts and trading services, showed positive results, the company said.

Mr Cromme, chief executive, said the merger would allow cost-savings of up to DM500m.

Part of the group's restructuring includes the closure of its Rheinhausen steel mill in the Ruhr valley, where 2,000 workers are employed.

● Thyssen, the industrial conglomerate hit by high losses in its steel division, said yesterday that group sales for the six months ending March declined by 8 per cent, to DM16.4bn.

Thyssen Stahl, Germany's largest steel producer, announced further production cuts last month. For the five months ending February, sales in the steel divisions were 20 per cent lower than the same period the previous year.

The group recently announced it would lay off 9,000 workers the end of 1994 – 1,000 more than the cuts announced at the beginning of the year.

UAP chief sees sell-off despite 71% fall in profit

By David Buchan in Paris

MR JEAN Peyrelevade, president of UAP, France's largest insurer, believes the privatisation of the state-owned insurance group will go ahead this autumn in spite of a 71 per cent fall last year to FFr1.08bn ($200m) in profits and a cut in dividend to FFr8 a share from FFr11.

The UAP chief forecast that the Balladur government's sell-off programme would not get under way until the autumn, by which time UAP's results for the first of 1993 would be in.

Mr Peyrelevade said he could not foresee a repetition of 1992's "avalanche of catastrophes and troubles". For UAP, these ranged from the costs of Hurricane Andrew in the US, a sharp rise in French car thefts, to property-related losses incurred by the Banque Worms, its French banking subsidiary and by Danish insurers in which UAP has direct and indirect stakes.

In spite of an earlier warning that profits would be sharply down from 1991's level of FFr3.76bn, UAP shares were briefly suspended yesterday to allow the market to digest news of the dividend cut.

Mr Peyrelevade conceded UAP's error in getting involved in Danish insurance at a time of instability in Scandinavian financial markets. UAP last year suffered a FFr400m loss because of its indirect holding in Baltica. Yesterday, UAP said it had set aside provisions to cover its FFr270m direct stake in Hafnia, another Danish insurer.

The UAP president said it was not clear that his group would want to sell Banque Worms, even after the banking subsidiary was restored to health. Last year, the bank lost FFr1.64bn and UAP injected nearly FFr1.5bn of capital into the institution.

Mr Peyrelevade said UAP was under growing pressure from banks selling life insurance policies directly to their clients, and that it might be useful for the insurance group to retain a banking operation.

EDS signs biggest European IT deal

By Hugh Carnegy in Stockholm

ELECTRONIC Data Systems, a wholly-owned subsidiary of General Motors of the US, has reached agreement in principle to supply information technology services to Sweden's KF co-operative conglomerate over 10 years in what it said would be the biggest IT services contract ever signed in Europe.

Under the deal, which both companies hope to complete by June, EDS would take over running Apiron Information, KF Group's IT services company which has assets of Skr240m ($32m) and annual revenues of about SKr600m. EDS said this gave the deal a minimum value of $1bn over the 10 years.

However, both EDS and KF executives declined to detail the full finances of the agreement, saying they had yet to be finalised.

The companies said the partnership nature of the so-called co-sourcing deal, in which KF would retain an interest in Apiron, was unique.

Typical IT services agreements involve "outsourcing", in which the IT company takes over all the IT functions and assets of the client. EDS has had such a contract with Saab of Sweden since 1991.

EDS, which is traded on the New York Stock Exchange, last year had total revenues of $8.2bn, with pre-tax income of $1bn.

It has been growing fast in Europe in recent years, where its revenues last year were $1.4bn.

As part of the KF deal, it plans to set up a European centre for servicing the retail industry in Stockholm.

KF is the national umbrella organisation of 120 Swedish co-operatives. It is undergoing heavy restructuring, posting a pre-tax loss in 1992 of SKr1.75bn on sales of SKr59bn.

KF is the fifth-largest Swedish conglomerate. However, it is seeking to slim down from a sprawling range of businesses to concentrate on the retail sector where it is Sweden's second-largest operator, holding an 18 per cent market share through chains such as the Konsum supermarkets and the Obs! and B&W superstores.

Volvo faces anger over management style

By Hugh Carnegy

MR PEHR Gyllenhammar, the Volvo chief, will confront more than the ire of small shareholders over executive pay when he stands up at the company's annual meeting in Gothenburg today. He will also face questions which go the heart of his long stewardship of the Swedish vehicle maker.

Aktiespararna, the Swedish shareholders' association, has attracted much attention, particularly in the local media, for its campaign to force Volvo to disclose how much Mr Gyllenhammar receives in pay and benefits, as well as how much he agreed to pay Mr Sören Gyll, the chief executive, and the size of the "golden handshake" paid last year to Mr Christer Zetterberg, Mr Gyll's predecessor.

However, the shareholders' association, whose 65,000 individual members held some 10 per cent of Volvo according to a survey three years ago, is voicing deeper concerns about the company which amount to a public questioning not just of Mr Gyllenhammar's autocratic style of management, but of his management strategies.

Mr Lars-Erik Forsgårdh, managing director of Aktiespararna, says the first two questions out of five that his association has demanded of the Volvo board concern the future of Volvo's three-year alliance with Renault, the state-controlled French car and truck maker, and its plans for Procordia, the pharmaceuticals and food group in which Volvo is the largest shareholder.

Aktiespararna supported the Renault link but says it is now unclear what the strategy is. Volvo owns 20 per cent of Renault with the right to increase to 25 per cent. Renault owns about 10 per cent of the Volvo parent company, 25 per cent of Volvo cars and 45 per cent of Volvo trucks.

There are fears in Sweden that Renault might take over Volvo's loss-making vehicle divisions.

Mr Gyllenhammar also led a bid last year to merge Volvo with Procordia but was blocked by the Swedish government, the other main shareholder. A deal with the state left Volvo as the largest shareholder with an option to acquire a majority stake. But Mr Forsgårdh says it is unclear what Volvo intends next in what had appeared to be a strategic shift away from its traditional business.

Mr Gyllenhammar is expected to try to blunt the shareholders' attack by disclosing some details of his remuneration for the first time. Anger over his perks – which supposedly include mansions, private jets and New York hotel suites – has been fuelled by a background of heavy losses at Volvo last year, and an unprecedented 50 per cent cut in the annual dividend.

No doubt there is a serious issue over the secrecy that has surrounded executive remuneration at Volvo.

Aktiespararna is campaigning for Swedish companies to be forced to disclose such details, along the lines now required in the UK.

"These situations would not have arisen if there had been a remuneration committee at Volvo – or if the board had taken up the issue," says Mr Forsgårdh. "The real issue is who should make the decisions at Volvo."

Eurocopter to cut 1,000 jobs

By Daniel Green in London

EUROCOPTER, the West's second-largest helicopter manufacturer after Sikorsky, is to cut 1,000 jobs – about 10 per cent of its workforce – at its plants in France and Germany.

The venture, set up last year by French Aerospatiale and Daimler-Benz's Deutsche Aerospace, blamed military cutbacks and a cautious civilian market. It reported post-tax profits of FFr25m ($4.6m).

Danish insurer improves but passes dividend

By Hilary Barnes in Copenhagen

TOPDANMARK, the Danish insurance and financial service group, will not pay a dividend for 1992 in spite of a substantial improvement in the group's performance last year.

The group has given no explanation for the cancellation after paying 10 per cent in 1991, but it is understood that it is a gesture to the group's employees following a reduction in staff by 18 per cent last year in a rationalisation programme.

Topdanmark, which is a participant in the European Eureko insurance alliance, cut its loss in 1992 to DKr53m ($8.68m) from DKr273m in 1991. The group's two insurance divisions were profitable last year.

Colombian oil find may add $151m to BP profit

By Christina Lamb in Bogota and Deborah Hargreaves in London

BRITISH Petroleum expects to produce 150,000 barrels of oil a day from its important Colombian oil finds – which could add £100m ($151m) a year to the company's profits by the end of the decade.

However, London analysts agree with BP that lack of pipeline capacity could hinder production increases and profit potential of the 2bn barrel oilfield.

Mr Nick Antill, oil analyst at Hoare Govett, the London stockbrokers, estimated that if production was able to reach 500,000 b/d, as would be expected from an oilfield of this size, the contribution to BP's pre-tax profits would be $525m (£348m) a year. Sir David Harding, chief executive for Latin America, said the oilfield was "very significant for BP and we're optimistic".

Hammerson declines 44 per cent to £31.1m

By Vanessa Houlder, Property Correspondent

HAMMERSON, the UK property company, yesterday underlined the breadth and severity of the international property downturn when it announced a 30 per cent decline in its net asset value per share to £4.45 for 1992 and a 44 per cent fall in pre-tax profits to £31.1m ($46.96m) from £55.5m.

The shares fell by 23p to 331p after the worse-than-expected results.

Property values were worst hit in Canada and France, where they fell by 27 per cent and 22 per cent respectively. The portfolio's value fell by 19 per cent, which contributed to a decline in shareholders' funds from £1.06bn to £742.3m.

Net rental income rose by 11 per cent from £114.2m to £126.2m. Operating profit fell 20 per cent to £44.3m.

Lex, Page 24; People, Page 20

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 21.04.93: Pool purchase price £/MWh	Final Prices for Trading on 20.04.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.54	18.01	18.01
0100	18.03	22.45	25.10
0130	18.67	22.45	25.05
0200	24.83	22.45	25.02
0230	25.25	18.13	18.13
0300	18.87	18.11	18.11
0330	18.87	18.06	18.06
0400	18.87	18.00	18.00
0430	18.60	17.57	17.57
0500	18.60	17.61	17.61
0530	18.52	18.00	18.00
0600	18.46	18.00	18.00
0630	18.60	18.01	18.01
0700	19.00	18.40	18.40
0730	24.46	21.81	24.15
0800	24.78	21.76	24.29
0830	26.79	24.18	26.80
0900	26.83	24.19	26.80
0930	27.41	24.86	27.50
1000	27.44	24.87	27.50
1030	27.44	24.85	27.50
1100	26.92	24.86	27.50
1130	27.47	24.88	27.50
1200	28.90	24.87	27.50
1230	28.85	24.86	27.50
1300	27.36	24.18	26.80
1330	25.36	23.88	26.50
1400	25.35	23.14	25.73
1430	25.17	18.62	18.62
1500	25.17	18.62	18.62
1530	25.17	18.68	18.69
1600	25.12	23.14	25.73
1630	30.68	23.14	25.71
1700	30.68	23.14	25.68
1730	30.68	25.82	28.57
1800	30.67	23.14	25.70
1830	25.34	27.47	30.16
1900	25.17	27.47	30.11
1930	25.12	27.47	30.11
2000	19.05	27.47	30.11
2030	25.17	27.47	30.12
2100	39.90	22.40	24.90
2130	39.90	21.81	24.10
2200	39.90	21.34	23.83
2230	25.34	21.10	23.59
2300	25.34	18.11	18.11
2330	24.59	17.57	17.57
2400	19.00	17.57	17.57

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-466768 between 8.30am and 5.15pm Monday to Friday

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Chemical Banking ahead at $374m

By Alan Friedman in New York

CHEMICAL Banking, the third-largest US commercial bank, yesterday reported a healthy 44 per cent increase in its net profits to $374m, or $1.35 a share, for the first quarter of 1993.

The net income figure was struck after a $30m restructuring charge related to the acquisition in February of assets from First City of Texas by Texas Commerce Bancshares, a Chemical affiliate company.

The net profit benefited from a $35m net gain related to a change in accounting.

Mr John McGillicuddy, chairman of Chemical, said the bank's performance was helped by strong net interest revenues, record total trading revenues and increases in several fee-based services such as corporate finance and trust activities.

Walter Shipley: bank's credit quality continued to improve

Bad debt provisions at Chemical were $312m in the quarter, down from $375m a year ago.

While credit costs remained at high levels the bank's credit quality continued to improve, according to Mr Walter Shipley, *president of Chemical Banking.*

He added that non-performing assets were $5.7bn at the end of March, down from $6.2bn at the end of the 1992 first quarter.

The bank's tier one ratio of capital to assets was 7.4 per cent at the end of the quarter, up from 6.6 per cent a year ago.

The bank, which was formed last year by the merger of Manufacturers Hanover Trust and Chemical, said its return on assets rose to 1.06 per cent from 0.75 per cent a year ago.

Net interest income in the quarter was $1.15bn, up slightly from $1.12bn a year ago. Non-interest revenue for the quarter was $925m, up by 15 per cent year-on-year.

On Wall Street, Chemical's share price was $1 lower at $39⅞.

● Banc One, the expanding Ohio-based bank that specialises in consumer banking business, reported a record net profit of $272m, or $1.03 per share, for the first quarter of 1993, against $179m a year ago.

Banc One's return on assets is 1.58 per cent, one of the highest levels in the US banking industry.

Mr John McCoy, chairman of Banc One, said continued retail loan demand helped the net interest margin, which was 6.64 per cent in the first quarter.

At the end of March, Banc One had total assets of $70bn and operated 60 banks with 1,277 offices in 11 states.

On Wall Street, the bank's share price was $58, down by $¼, before the close.

Monsanto slips as recession bites

By Karen Zagor in New York

MONSANTO, the US chemicals group, yesterday reported reduced first-quarter operating income and sales after weak Japanese and European economies hit its main chemical business.

For the three months to March 31, Monsanto's operating income was $231m on sales of $1.94bn, against $259m on sales of $1.97bn last time.

Net income in the latest quarter was $141m, or $1.71 a share. A year earlier, Monsanto suffered a net loss of $388m, or $3.16, including one-time charges of $540m for accounting changes and other items.

It blamed recession in Europe and Japan for severely constricting demand and pricing in its automotive-linked businesses for contributing to a drop in operating income for its chemicals group to $50m from $79m. Chemical sales rose to $898m from $896m.

Its NutraSweet artificial sweetener business had operating income of $34m on sales of $170m, against $37m on sales of $199m. The business should benefit from a recent Food and Drug Administration ruling expanding the use of NutraSweet in a wider range of drinks, confections and baking.

The Searle pharmaceutical unit recorded an operating loss of $27m on $361m sales. A year earlier, it had operating income of $10m on sales of $363m.

Insurance arm helps boost Sears, Roebuck to $435m

By Nikki Tait in New York

A STRONG contribution from its Allstate insurance subsidiary helped Sears, Roebuck, the US retailing and financial services group, to after-tax profits of $435m in the first three months of 1993.

This compared with profits of $274.2m last year, before charges related to accounting rule changes, which translated into earnings per share of $1.13, against 75 cents. Group revenues increased from $11.02bn to $11.3bn.

However, on the troubled merchandising side, where Sears is attempting a significant overhaul, the underlying improvement in profits was modest. This division made a profit of $63.6m on sales 2.1 per cent higher at $6.11bn.

In the previous year, the loss before accounting changes was $23.8m, but Sears suggested the comparable 1992 figure – after adjusting for a restructuring charge and the impact of businesses which Sears is quitting – was a profit of $51.7m.

Allstate, the property-casualty insurer, managed a strong advance in profits from $255.3m a year ago to $320.1m, despite the storm damage claims resulting from the severe winter weather.

Catastrophe losses were $224.6m, compared with $122.4m a year earlier, but Allstate's underwriting loss still narrowed, from $218m to $159.3m. Sears said yesterday the flotation of up to a 20 per cent stake in Allstate is now scheduled for June.

The company's "discontinued businesses" – which include the Dean Witter, Discover operations, which are being spun off, and Coldwell Banker, which Sears is in the throes of selling – contributed $118m, compared with $144.1m last time.

● K mart, the large discount retailer which also takes in several specialty store chains, warned that earnings per share in the first quarter of 1993 would show a fall from last time's 26 cents.

It blamed the weather and said that it still expected higher earnings for 1993 overall.

Earnings per share up at GTE

By Martin Dickson in New York

GTE, the largest local US telephone company, yesterday reported a 12 per cent rise in first-quarter earnings per share, excluding accounting changes, thanks to higher volumes and lower costs in its telephone operations and strong growth in its cellular telephone business.

The company reported consolidated net income of $460m, or 48 cents a share, compared with earnings per share of 43 cents a year ago.

After adjusting the 1992 earnings for a change in accounting rules for retirees' health benefits, the group had a net loss in the first quarter of last year of $2.05bn, or $2.27 a share.

Sales and revenues in the latest quarter totalled $4.83bn, against $4.82bn a year ago, while operating income was up 9 per cent at $1.10bn.

Revenues from telephone operations rose from $3.85bn to $3.92bn and operating income was up 7 per cent at $1.04bn.

Revenues and sales from telecommunications products and services dipped 6 per cent to $911m. Operating income rose from $29m to $60m.

● Sprint, the third largest US long-distance carrier, reported a net loss of $413m, or $1.21 a share, compared with profits of $128m, or 38 cents, after the cost of changing its accounting methods for retirees' health benefits, and $248m of costs associated with its takeover of Centel, the Chigaco-based phone company.

However, the company said income from continuing operations, excluding special charges, was $154m, or 45 cents, compared with $106m, or 31 cents, in the first quarter of last year. Revenues rose 9 per cent to $2.72bn.

First-term profit of $39m at Blockbuster

By Nikki Tait

BLOCKBUSTER, the Florida-based video rental chain, yesterday reported after-tax profits of $39.2m in the first quarter of 1993, compared with $25.7m in the same period of 1992.

Revenues rose to $608.7m from $446.4m a year earlier, and earnings per share, on a fully-diluted basis, increased to 20 cents from 15 cents.

Part of the increase came from Blockbuster's aggressive expansion – including a push into music retailing, in an effort to build a more broadly-based home entertainment group. However, same-store revenues advanced by 6.8 per cent, and the company gained share in the home video market.

During the quarter, Blockbuster bought an interest of about 35 per cent in Republic Pictures, an independent producer and distributor of filmed entertainment with a library of feature films and TV movies.

The company also recently acquired a significant interest in Spelling Entertainment Group.

In January 1992, Blockbuster acquired the Cityvision group of the UK, which owns the Ritz video-rental chain.

NationsBank lifted by one-time benefit

By Alan Friedman

NATIONSBANK, the south-eastern US regional banking group formed in 1991 by the merger of C & S Sovran and NCNB, has unveiled a 55 per cent jump in first-quarter 1993 net profits to $481m, or $1.89 a share.

The results were inflated by a one-time $200m benefit stemming from accounting changes.

NationsBank, the fourth-largest US banking group, disclosed that its non-performing assets totalled $1.92bn at the end of the first quarter, equivalent to 2.53 per cent of total loans, leases and foreclosed property, and about 29 per cent below the non-performing level a year ago.

Bad debt provisions totalled $1.57bn, down from $1.66bn a year ago. Provisions taken in the quarter were $120m, less than half the $265m taken in the first quarter of 1992.

Net interest income was $1.09bn, up from $1.01bn a year ago. Non-interest income was $481m, against $471m.

NationsBank, which owns Panmure Gordon, the UK stockbroker, said its tier one ratio of capital to assets was 7.61 per cent, compared with 7.17 per cent a year ago.

USAir cuts net loss for first quarter to $61m

By Nikki Tait

USAIR, the carrier in which British Airways invested $300m for a 19.9 per cent voting interest earlier this year, yesterday reported a $2m operating profit for the first three months of 1993.

The airline, however, recorded a $61m loss after interest charges and taxes.

In the same period of 1992, USAir suffered an operating loss of $48.6m and a net loss of $110.2m, ahead of charges related to accounting rule changes.

The carrier's operating revenues in the most recent three-month period increased from $1.65bn to $1.72bn, although it said that the severe blizzard which hit the eastern US in March resulted in "several thousand" USAir and USAir Express flights being cancelled.

Operating expenses, however, only edged up from $1.7bn to $1.71bn – helped significantly by the fall in labour costs to $648.7m from $665.3m a year ago. Last year, the company won some significant pay and benefit concessions from employees.

USAir said the overall load factor improved from 53.4 per cent a year ago to 55.6 per cent, while yields edged slightly higher to 18.75 cents, from 18.63 cents a year ago.

Chazen to join Reichmann Intl

REICHMANN International, the property investment joint venture between the Reichmann family and Mr George Soros, the billionaire fund manager, has recruited Mr Leonard Chazen as deputy chief executive, writes Alan Friedman.

Mr Paul Reichmann, chairman of Reichmann International, said he had worked closely with Mr Chazen when the latter had served as an adviser to Olympia & York, the troubled property company founded by the Reichmann family.

Mr Chazen was previously a managing director of Tishman Speyer Properties, a property developer.

Argentina prepares for sell-off of stake in state oil company

By Stephen Fidler, Latin America Editor

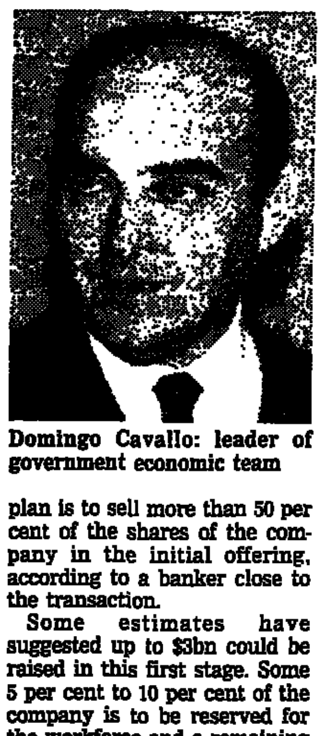
ARGENTINA'S financial community was due to be briefed yesterday in Buenos Aires on what could turn out to be be the largest international equity offering of the year, the sale to the public of a majority stake in the state-owned oil company YPF this summer.

The fully-integrated company, the first state oil company in Latin America, has been drastically restructured for privatisation and is regarded by some as the jewel in the crown of a dramatic Argentine privatisation programme.

Its 52,000 employees in August 1990 have been reduced to fewer than 12,000. After sales of non-core assets such as its shipping fleet and of certain oil and gas wells to dilute its monopoly power in the Argentine market, the value of the company's assets is put in the region of $6bn to $8bn.

The government's economic team, led by Mr Domingo Cavallo, economy minister, indicated earlier that a controlling stake in the company would not be sold to a single business operator as in some earlier Argentine privatisations.

Officials also said they intended to transfer control from the government in the first stage of the privatisation even though, after it, the government would probably still be the largest single shareholder.



Domingo Cavallo: leader of government economic team

Partly for this reason, the plan is to sell more than 50 per cent of the shares of the company in the initial offering, according to a banker close to the transaction.

Some estimates have suggested up to $3bn could be raised in this first stage. Some 5 per cent to 10 per cent of the company is to be reserved for the workforce and a remaining 20 per cent is to stay with the government. As reported, First Boston and Merrill Lynch – which had advised YPF in its preparation for privatisation – have been appointed by the government as global co-ordinators of the initial offering.

The offering is to be made using the US style of book building: this establishes the demand for shares at a range of prices, and is said by its proponents to improve chances that the shares are directed into firm hands. This system will be used for the first time in Argentina. The government is keen to avoid the experience of some previous auction-style privatisations where prices fell sharply soon after the auction leaving investors, many of which borrowed to finance share purchases, with heavy losses.

Most of the shares are expected to be directed to the US market. While the outcome depends on the consultation now being held with underwriters and on the book building process, bankers now guess perhaps half of the shares offered will go to the US market, around 20 per cent to the Argentine market and 30 per cent into the non-US international market.

With the capitalisation of the entire Argentine market now around $18bn, it would be impractical to direct the entire offering to Buenos Aires. Nonetheless, there have been some concerns expressed about the ability of the international market to absorb such a large amount of paper in a relatively short time.

Filings are expected to be made with the US Securities and Exchange Commission to permit the offering to take place in late-June or July, earlier than the government previously publicly envisaged but one apparently designed to avoid a clash with Congressional elections due in September.

According to officials, bankers and investors in New York are to be briefed at the end of this week on the offering and in London early next week. Co-managers for the offering are likely to be named by the end of the month.

Digital introduces new workstations

By Louise Kehoe in San Francisco

DIGITAL Equipment, the US minicomputer maker, aims to regain its momentum in the $10bn computer workstation market with new products based on its high-performance Alpha microprocessor that outpace *similarly-priced competitors'* machines.

Digital has been losing ground in the workstation market for the past two years to Sun Microsystems, Hewlett-Packard and IBM. But analysts say the new products, which fill significant gaps in its Alpha product line launched in November, could represent a turning point.

The group unveiled workstations in the $5,000 and $10,000 price range as well as a higher-performance model at $70,000.

It also announced what it called "workstation farms," in which a series of fast workstations are linked to work on complex supercomputing tasks.

The new products were the group's second wave of workstations based on its 64-bit Alpha microprocessor, which has established it as the front-runner in workstation performance.

However, Digital still faces the challenge of building a base of software applications to take full advantage of its new computer architecture.

Its first Alpha workstations were aimed primarily at software developers. The company claims, however, there are now "several hundred" applications designed to run on Alpha computers.

Digital also has another advantage up its sleeve. Microsoft, the leading computer software company, is developing a version of its soon to be introduced "Windows NT" software to run on Digital's Alpha workstations.

Abitibi-Price starts improvement

By Robert Gibbens in Montreal

ABITIBI-PRICE reined back losses in its first quarter, helped by a strengthening newsprint market and tight cost controls.

The loss from continuing operations was C$28.8m (US$22.9m), or 42 cents a share, against a loss of C$37.9m, or 56 cents, a year earlier.

Sales were C$471m, against a restated C$379m.

"Though we are not yet profitable, we have shown the first year-over-year improvement in quarterly results of our core newsprint business since 1988," said Mr Ronald Oberlander, president.

Mr Oberlander told the annual meeting in Toronto he expected results "to pick up steam quarter by quarter in 1993".

Rising newsprint demand was based on advertising gains in the eastern US, and a build-up in inventories – partly due to fears of stoppages in eastern Canada mills.

Abitibi's shipments to Europe came up against Scandinavian competition following last year's devaluations, but Asian and Latin American markets were firm.

The office products division posted higher sales and operating profit in the US and Europe.

COMPANY NOTICES

ROBECO GROUP

ROBECO N.V.

(investment company with a variable capital)

Robeco N.V. announce a cash dividend of Fls 3.52 per ordinary share of Fls 10 (Fls 0.352 per sub-share) for the financial year 1992.

BEARER SHARE WARRANTS WITH COUPONS ATTACHED

Coupon No 91 accompanied by the appropriate claim form should be presented to the Company's Paying Agents, National Westminster Bank PLC, Stock Office Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB, on business days between the hours of 10.00am and 2.00pm. Claims must be submitted by personal presentation. Postal applications cannot be accepted.

The dividend will be payable at Fls 3.52 per share, less tax as appropriate, as from 29 April 1993, against surrender of Coupon No. 91.

Coupons presented by, or on behalf of, shareholders who are subject to United Kingdom Income Tax will be subject to Netherlands Dividend Tax at the rate of 15% and United Kingdom Income Tax at the rate of 5% on the gross dividend. Forms 92 VK will not be required in respect of claims lodged within six months of the payment date. Coupon No 91 presented on or after 29 October 1993 must be accompanied by a completed Form 92 VK duly certified by the individual shareholder's Inspector of Taxes.

If the coupons presented are accompanied by the appropriate certified Forms 92 supplied by residents of Australia, Austria, Belgium, Canada, Denmark, Finland, France, The Federal Republic of Germany, Indonesia (reduction to 20% only), The Republic of Ireland, Israel, Japan, Luxembourg, The Netherlands Antilles, New Zealand, Norway, Singapore, South Africa, Spain, Surinam (reduction to 20% only), Sweden or the United States of America, Netherlands Dividend Tax amounting to 15% will be withheld. Forms 92 VS must be submitted in duplicate, signed by the applicant, but need not be authorised by the U.S. Inspector of Taxes.

Residents of Switzerland can apply for a partial refund by submitting a Form R-NL 1 to Dutch Fiscal Authorities. This form can be obtained from the Eidgenossische Steuerverwaltung, Bern. Reduction to 15%.

Residents of Italy can have a full refund by submitting Form 92 IT, certified by their local Tax Inspector, to the Inspector of Corporation Tax, Wibaut Straat, 2-4, Amsterdam with the relevant dividend note.

In all other cases Netherlands Dividend Tax at 25% will be deducted from the Gross dividend.

Exemption from United Kingdom Income Tax may be claimed by lodging the usual affidavit certifying non-residence in the United Kingdom.

SUB-SHARE CERTIFICATES REGISTERED IN THE NAME OF NATIONAL PROVINCIAL BANK (NOMINEES) LIMITED

United Kingdom Banks and Members of the Stock Exchange should lodge the special claim form with the National Westminster Bank PLC, Stock Office Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB.

Payment of the dividend must be marked on the reverse side of the certificate in accordance with 'Marking Name' procedures.

Other claimants must also complete the special claim form and present this at the above address together with the relevant certificate(s) for marking by the National Westminster Bank PLC.

All claims must be submitted by personal presentation. Postal applications cannot be accepted.

Income Tax requirements will be as shown above for Bearer Share Warrants.

The Record Date is 20 April 1993.

Payment will be made by National Provincial Bank (Nominees) Limited on or after 29 April 1993 and will be subject to Marking Name commission.

CONVERSION OF DUTCH CURRENCY

The Dutch currency will be converted into sterling on 20 April 1993. A further announcement will be made shortly giving full sterling details of the dividend in respect of 10 ordinary shares and Fls 1 sub-shares.

SHAREHOLDERS IN THE REPUBLIC OF IRELAND

Approved Agents in the Republic of Ireland may present coupons to the Company's Paying Agents there, Allied Irish Banks PLC, Registrar's and New Issues Department, Bankcentre, PO Box 954, Ballsbridge, Dublin 4

Claims on sub-share certificates registered in the name of The Munster and Leinster Bank Nominees Limited should be lodged with Allied Irish Banks PLC, Registrar's and New Issues Department, Bankcentre, PO Box 954, Ballsbridge, Dublin 4.

21 April 1993

ROLINCO N.V.

(investment company with a variable capital)

Rolinco N.V. announce a cash dividend of Fls 3.04 per ordinary share of Fls 10 (Fls 0.304 per sub-share) for the financial year 1992.

BEARER SHARE WARRANTS WITH COUPONS ATTACHED

Coupon No 34 accompanied by the appropriate claim form should be presented to the Company's Paying Agents, National Westminster Bank PLC, Stock Office Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB, on business days between the hours of 10.00am and 2.00pm. Claims must be submitted by personal presentation. Postal applications cannot be accepted.

The dividend will be payable at Fls 3.04 per share, less tax as appropriate, as from 29 April 1993, against surrender of Coupon No. 34.

Coupons presented by, or on behalf of, shareholders who are subject to United Kingdom Income Tax will be subject to Netherlands Dividend Tax at the rate of 15% and United Kingdom Income Tax at the rate of 5% on the gross dividend. Forms 92 VK will not be required in respect of claims lodged within six months of the payment date. Coupon No. 34 presented on or after 29 October 1993 must be accompanied by a completed Form 92 VK duly certified by the individual shareholder's Inspector of Taxes.

If the coupons presented are accompanied by the appropriate certified Forms 92 supplied by residents of Australia, Austria, Belgium, Canada, Denmark, Finland, France, The Federal Republic of Germany, Indonesia (reduction to 20% only), The Republic of Ireland, Israel, Japan, Luxembourg, The Netherlands Antilles, New Zealand, Norway, Singapore, South Africa, Spain, Surinam (reduction to 20% only), Sweden or the United States of America, Netherlands Dividend Tax amounting to 15% will be withheld. Forms 92 VS must be submitted in duplicate, signed by the applicant, but need not be authorised by the U.S. Inspector of Taxes.

Residents of Switzerland can apply for a partial refund by submitting a Form R-NL 1 to Dutch Fiscal Authorities. This form can be obtained from the Eidgenossische Steuerverwaltung, Bern. Reduction to 15%.

Residents of Italy can have a full refund by submitting Form 92 IT, certified by their local Tax Inspector, to the Inspector of Corporation Tax, Wibaut Straat, 2-4, Amsterdam with the relevant dividend note.

In all other cases Netherlands Dividend Tax at 25% will be deducted from the Gross dividend.

Exemption from United Kingdom Income Tax may be claimed by lodging the usual affidavit certifying non-residence in the United Kingdom.

SUB-SHARE CERTIFICATES REGISTERED IN THE NAME OF NATIONAL PROVINCIAL BANK (NOMINEES) LIMITED

United Kingdom Banks and Members of the Stock Exchange should lodge the special claim form with the National Westminster Bank PLC, Stock Office Services, Basement, Juno Court, 24 Prescot Street, London, E1 8BB.

Payment of the dividend must be marked on the reverse side of the certificate in accordance with 'Marking Name' procedures.

Other claimants must also complete the special claim form and present this at the above address together with the relevant certificate(s) for marking by the National Westminster Bank PLC.

All claims must be submitted by personal presentation. Postal applications cannot be accepted.

Income Tax requirements will be as shown above for Bearer Share Warrants.

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CONVERSION OF DUTCH CURRENCY

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Claims on sub-share certificates registered in the name of The Munster and Leinster Bank Nominees Limited should be lodged with Allied Irish Banks PLC, Registrar's and New Issues Department, Bankcentre, PO Box 954, Ballsbridge, Dublin 4.

21 April 1993

LEGAL NOTICES

GLOBESIDE LIMITED
(In Administration)

Notice is hereby given that a Meeting of Creditors of the above company is to be held at 11am on 4 May 1993 at Melrose House, 42 Dingwall Road, Croydon, Surrey, CR0 2NE to consider the proposal of the Joint Administrators under Section 23(1), Insolvency Act 1986. Members of the Joint Administrator's proposal from Melrose House, 42 Dingwall Road, Croydon, Surrey, CR0 2NE.

N J Vooght and C J Hughes
Joint Administrators

PERSONAL

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ECU 200,000,000
Crédit Foncier de France
Floating Rate Notes due 1996

For the period from April 21, 1993 to July 21, 1993 the Notes will carry an interest rate of 9.06% per annum with an interest amount of ECU 228.76 per ECU 10,000 and of ECU 2,287.64 per ECU 100,000 Note.

The relevant interest payment date will be July 21, 1993.

Agent Bank:
Banque Paribas Luxembourg
Société Anonyme

BANQUE NATIONALE DE PARIS
USD 225,000,000
Subordinated Floating Rate Notes due 2002

Notice is hereby given that the rate of interest for the period from April 21st, 1993 to October 21st, 1993 has been fixed at 5% per cent per annum. The coupon amounts due for this period are USD 25.42 per denomination of USD 1,000, USD 254.17 per denomination of USD 10,000 and USD 2,541.67 per denomination of USD 100,000 and are payable on the interest payment date October 21st, 1993.

The Fiscal Agent
Banque Nationale de Paris (Luxembourg) S.A.

INTERNATIONAL COMPANIES AND FINANCE

Black wins approval for 25% Fairfax stake

By Kevin Brown in Sydney

THE Australian government yesterday said it would allow The Telegraph, Mr Conrad Black's British newspaper group, to increase its stake in the John Fairfax media group from 15 per cent to 25 per cent.

Fairfax shares rose 10 cents to close at A$2.09 on the Australian Stock Exchange (ASX) after the Labor cabinet decided to ignore criticism from across the political spectrum of Mr Black's request.

Mr John Dawkins, the federal treasurer (finance minister), said the decision reflected "the valid need of foreign investors to safeguard their financial and managerial commitment to their newspapers".

Mr Dawkins said other foreign investors would be allowed to own a further 5 per cent of Fairfax, enabling Hellman & Friedman, the US investment bank, to retain its 5 per cent non-voting shareholding.

Mr Dan Colson, deputy chairman of The Telegraph, welcomed the decision: "Obviously we are delighted, and we are looking forward to increasing our involvement with this great company."

Officials said the government hoped the decision would help to stabilise the ownership of Fairfax, which was in receivership from 1990 to 1991 after a bungled buy-out of family shareholders.

However, the higher ceiling on foreign ownership offers The Telegraph no protection from Mr Kerry Packer, the Australian media entrepreneur who owns 10 per cent of Fairfax and is rumoured to be considering a full bid.

Mr Packer could acquire control by buying a further 41 per cent of Fairfax, but he would have to relinquish control of the Channel Nine television network to comply with cross-media ownership regulations.

Trying to disarm criticism of Mr Black's involvement in Fairfax, Mr Dawkins said there would be no further increases in the level of foreign investment allowed in newspapers.

However, the Friends of Fairfax, an umbrella grouping of journalists and supporters, said the decision was a "sell-out" which would leave the bulk of the Australian media in foreign hands.

Fairfax, which publishes the Sydney Morning Herald, The (Melbourne) Age and the Australian Financial Review, is the main competitor to News Corporation, the US media group, which controls 70 per cent of Australia's daily circulation.

The decision was also criticised by Labor MPs, including Mr Barry Jones, the party's federal president. Mr John Hewson, the conservative leader, said it was "quite shabby". The populist Australian Democrats said it was "grossly irresponsible".

Conrad Black: anticipates greater involvement in Fairfax

Mr Black acquired management control of Fairfax in 1991, when the group was bought from the receiver for A$1.4bn (US$1bn) by the Tourang consortium, consisting of The Telegraph and Hellman & Friedman.

The Telegraph's shareholding was reduced to 15 per cent following a flotation in 1992. The remaining shares are owned by a range of Australian investors, mostly financial institutions.

Mr Dawkins said the revised limit on Fairfax shareholdings would apply to all newspaper publishers, effectively raising the ceiling on overseas shareholdings from 20 to 30 per cent.

The decision opens the way for Mr Tony O'Reilly's Dublin-based Independent Newspapers (INP) to increase its 20 per cent stake in Australian Provincial Newspapers (APN), a leading rural publisher.

Gencor lifts holding in titanium miner

By Philip Gawith in Johannesburg

GENCOR, South Africa's second-largest mining house, has increased its shareholding in Richards Bay Minerals (RBM) to 50 per cent from 25 per cent in a series of transactions valued at R671.2m.

Gencor bought the RBM shares from Industrial Development Corporation and its two investment subsidiaries, Indsel and Natsel, and from Old Mutual, a life assurance company. The purchase will be settled through the exchange of 9.1m Engen shares and 1.55m Malbak shares, two offshoots of Gencor.

The other 50 per cent of RBM is held by the RTZ mining group.

Mr Brian Gilbertson, Gencor's chairman, commented: "An opportunity arose whereby we could increase our investment in a major world-class mining company with a proven competitive advantage in titanium smelting technology and generating a substantial cash-flow." He described RBM as "the premier mineral sands operator in the world."

Investors view Vietnam as Asian market of future

By Sara Webb

CHINA, Hong Kong and South Korea are viewed as the most important markets in Asia for long-term investment, according to a survey by Euromoney*. Vietnam was named as newly-emerging market with the most exciting long-term potential.

International investors expected to raise their exposure to Asian markets over the next two years. But some survey respondents pointed out improvements were needed in several markets.

Respondents found levels of liquidity one of the least satisfactory aspects. The report noted: "In Asia, overall market capitalisation is not always reflected on the liquidity of an exchange. In many countries, it is common for a company's founding family or other relations to hold up to 70 per cent of the available shares, thus limiting a security's float."

Hong Kong, Singapore and Malaysia were the most liquid markets in Asia, while Indonesia, India, and the Philippines were considered least liquid.

Respondents felt improvement was also necessary in the quality of research material, particularly on China, and information on particular companies, their finances and credit worthiness.

The survey drew on the responses of 124 investment managers at the largest insurance companies, pension funds, mutual funds/unit trusts, investment management companies and banks.

International investors expected to increase their exposure to Asia in the next two years, from 15.8 per cent of total funds under management at the end of 1992 to 18.4 per cent by the end of 1994. Asian respondents planned to increase their exposure to the region by more than their European and US counterparts, from 14.6 per cent to 18.9 per cent.

Within Asia, the survey revealed that investors allocated 84.5 per cent in the developed markets – Hong Kong, Singapore, Malaysia and Thailand – and 15.43 per cent in emerging markets, such as Bangladesh, China, Indonesia, Taiwan, India, Pakistan, Sri Lanka, South Korea, and the Philippines. Some 0.07 per cent was placed in "dormant or incubating" markets, which include Brunei, Macau, Papua New Guinea, Vietnam, Bhutan, Laos, Cambodia and Myanmar.

However, this asset allocation was expected to change as more emphasis was placed on the emerging markets, rising to 22.6 per cent, while developed markets would account for 76.3 per cent in two years.

Of the emerging stock markets, China and South Korea could expect increased exposure by international investors over the next two years – from 15.6 per cent to 21.6 per cent in the case of China, and from 16.9 per cent to 22 per cent for South Korea – the report said.

* *Asian Investment Survey 1993; Euromoney Publications, Nestor House, Playhouse Yard, London EC4V 5EX; $890.*

Marubeni sees loss on reshape

By Robert Thomson in Tokyo

MARUBENI, the Japanese trading house, yesterday said it would record extraordinary losses of Y40bn ($350.87m) for the year to the end of March 1993 because of the restructuring of three affiliates and losses incurred on securities investment funds.

The company said the losses would be covered by profits on the sale of fixed assets and stocks, and would not affect its net profits for the year, expected to be about Y12.5bn, down from Y17.4bn.

Like many other Japanese companies, Marubeni put funds into *tokkin*, or specified money trusts, which were an important source of income during the late 1980s but which have become a serious burden over the past three years.

Marubeni said the cost of restructuring its ailing textile, leasing, and petrochemical affiliates would total Y20bn, while the *tokkin* losses would also amount to Y20bn. It did not say which fixed assets will be sold to cover the losses.

Downturn hits Japanese retailers' profits

By Charles Leadbeater in Tokyo

THREE leading Japanese retailers yesterday underlined the depth of the depression in Japan's consumer markets by reporting large falls in profits.

Takashimaya, a leading department store group which this week opened a prestige store in New York, reported a 63 per cent fall in pre-tax profits for the year to February 28.

Significantly, Takashimaya blamed the fall on growing competition between retailers, which is cutting into profit margins, as well as the slump in consumer confidence, sluggish growth in incomes, and doubts over the employment outlook.

Takashimaya's sales fell by 6.5 per cent to Y784.96bn ($6.885bn), operating profits plunged 58.8 per cent to Y7.28bn, and pre-tax profits slid 63 per cent to Y4.93bn.

All but one of Takashimaya's stores reported sales declines, with the main outlet in Nihonbashi, Tokyo, recording a 9.5 per cent fall.

In spite of the sluggish outlook for consumer spending, Takashimaya expects a modest increase in capital spending, to Y27bn. It plans to open stores in Singapore and Taiwan this year. The company's expansion programme has left it carrying a heavy depreciation charge.

Sanwa Bank, the group's main bank, has moved Mr Kazui Nishina, its vice-president, to become Takashimaya's vice-president, signalling an intensification of its involvement in efforts to restructure Takashimaya.

Sogo, another Japanese department store operator which has expanded rapidly since the late 1980s, reported a 47.4 per cent fall in pre-tax profits to Y3.82bn for the year to the end of February.

Sogo's sales fell by 9.8 per cent to Y280.04bn, mainly due to a 13.4 per cent fall in sales of luxury goods such as jewellery and paintings.

Daiei, the supermarket operator reported a 12.7 per cent fall in pre-tax profits, to Y24bn, in the year to February 28, on sales 0.5 per cent lower at Y2,015.23bn.

The decline at Daei, although lower than the falls at the department stores, reflects the spread of the consumer slowdown to basic goods. Clothing and foodstuffs make up more than 50 per cent of Daei's sales.

CRA claims success in bid for coal producer

By Kevin Brown

CRA, the Australian resources group, yesterday claimed success in its A$716m ($504.2m) takeover bid for Coal & Allied Industries (Cail), a prominent coal producer.

CRA, which is 49 per cent owned by RTZ of the UK, said it was entitled to 50.03 per cent of Cail shares following acceptances received since its A$11.50 a share offer was launched on March 26.

The offer is CRA's second attempt to win Cail, the biggest coal mining group in New South Wales. CRA owns 40 per cent of Cail following a A$8.50-a-share offer in 1991.

JR East files preliminary application for Tokyo listing

By Robert Thomson

EAST JAPAN Railway, the Japanese railways group, filed a preliminary application yesterday with the Tokyo stock exchange for a listing that will be a test of the market's recently-regained strength.

The listing of JR East, as the company is known, will be the biggest offering of a semi-privatised company since that of Nippon Telegraph and Telephone (NTT), whose shares fell last year to almost one-third of their first offering price of Y1.197m ($10.783) in late 1986.

Mr Minoru Nagaoka, stock exchange president, said the exchange did not want to see a repeat of the NTT episode, which is blamed for souring the attitude of retail investors towards the stock market.

However, NTT's price has recovered in recent weeks, lifting the market's confidence, encouraging the government to press ahead with JR East, and suggesting to brokers that there would be retail interest in the railway company.

Mr Nagaoka said the timing of the listing and the price should be decided after careful examination of the market's strength, though the listing was likely in late October or early November. It has been reported that the offering price will be around Y250,000.

The market expects about 2m of JR East's 4m shares held by JNR Settlement will be offered to the public. JNR Settlement took over shares of the seven companies created through the break-up and semi-privatisation of Japan National Railways in 1987, and has been waiting more than three years for stock prices to recover.

Meanwhile, the stock exchange reported a deficit of Y3.46bn for the year ending in March, compared with Y9.13bn in the previous year.

Oki adjusts production

By Michiyo Nakamoto in Tokyo

OKI Electric, the Japanese telecommunications and data processing company, is to close two manufacturing plants for three days, in a move which underlines the downturn in the country's electronics industry.

The plants, which manufacture information and telecommunications equipment, were being closed to adjust production levels, Oki said.

Oki said production in the first half of the current year to March 1994 was expected to be particularly low as Japanese companies, including financial institutions, had frozen investment plans.

INTERNATIONAL CAPITAL MARKETS

Abbey National in $1bn offering

By Richard Waters

ABBEY National, the UK financial services group, yesterday raised $1bn through a 10-year bond issue in one of the biggest Eurodollar issues by a non-sovereign borrower, further extending the maturity profile of its debt.

INTERNATIONAL BONDS

The deal, launched at a yield of 60 basis points over US Treasuries, met a generally positive reception from investors, though it failed to sell as well as Abbey's record £650m sterling issue last month, also at 10 years.

Joint lead-managers Goldman Sachs and UBS, which between them took $780m of the bonds, said late in the day that more than three-quarters of the issue had been sold. However, other banks involved in the transaction said they had been able to place only around two-thirds of their paper. The lead managers held the spread at 60 basis points during the day, in the process picking up around $100m of bonds from sellers.

The proceeds of the issue are understood to have been swapped into floating rate sterling in a transaction handled by UBS, though Abbey refused to confirm this. The swap is believed to have left the borrower with an all-in cost at marginally over 25 basis points above Libor – the same after-swap rate achieved in its 10-year sterling deal.

Abbey said the money would be used partly to refinance maturing wholesale debt and partly to fund future lending. At the end of last year, before the sterling issue, less than £400m of its debt had a maturity of more than five years. Explaining the decision to move to longer-dated debt, Mr Roger Little, director in charge of trading at Abbey National Treasury Services, said: "Despite the fact that [US] Treasuries have performed very well, there is generally a view that interest rates have bottomed out."

Abbey's sterling deal, considered generous when it was launched at a yield spread of 50 basis points over gilts, has since tightened to around 40 basis points. A similar tightening of the new dollar bonds was generally seen in the market as unlikely. The same issuer's three-year dollar paper was trading yesterday at a yield spread of over 45 basis points, suggesting little room for tightening of the 10-year paper.

Meanwhile, the triple-A rated KfW came during the afternoon with a FFr1.5bn deal in an attempt to pre-empt the heavy issuance of French franc bonds expected later this week. Today, Aéroport de Paris is expected to raise FFr1bn in the domestic French franc market, with the European Investment Bank also turning to the domestic market for FFr2bn on Thursday. With borrowers having held back during the election period, and with this week's cuts in French interest rates, the pace of new issuance is expected to remain heavy.

Three triple-A rated names turned to the Canadian dollar sector yesterday to tap small pockets of demand from investors for four- and five-year bonds. The four-year paper, maturing in May 1997, was officially priced over benchmark government bonds maturing during 1996, creating attractive-looking yield spreads. When compared with the rate for four-year bonds implied by the shape of the yield curve, however, the spreads looked less generous, at 26 basis points for GECC and 30 basis points for Rabobank.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Abbey Nat.Treasury Services	1bn	6.5	99.5R	May.2003	0.35R	+60 (6¼%-03)	G.Sachs Intl./ UBS
WestLB Finance Curaçao(a)‡	100	(a)	100R	May.2003	0.5R	-	Lehman Brothers Intl.
Cregem Finance(b)‡	100	(b)	100R	May.2003	0.5R	-	UBS
Banco CCF, Brazil(c)#	60	9.5	99.51R	Nov.1995	1.25R	+575 (c)	Socimer Intl.Bank
Land and Houses(d)§	60	5	100	Apr.2003	2.875	-	Jardine Fleming
YEN							
Marubeni Corp.	10bn	4.6	100.2R	Aug.1997	0.3R	+71 (4.7%-97)	Fuji Intl.Finance
Marutomi Group Co.(e)§#	10bn	1.625	100	Feb.1998	2.5	-	Nomura International
FRENCH FRANCS							
KfW International Finance	1.5bn	7	98.82R	May.2000	0.3R	+21 (8½%-00)	Paribas Capital Markets
CANADIAN DOLLARS							
Z-Länderbank Bank Austria	150	7.25	99.7R	May.1998	0.25R	+47 (6½%-98)	Swiss Bank Corp.
Rabobank Nederland	150	7	100R	May.1997	0.225R	+44 (6%-96)	Swiss Bank Corp.
Canadian National Railway Co.	150	7.5	99.175R	May.1998	0.3R	+83 (6¼%-98)	ScotiaMcLeod
GECC	125	7	100.1R	May.1997	0.225R	+40 (6¼%-96)	Morgan Stanley Intl.
AUSTRALIAN DOLLARS							
State Bk.of South Australia	100	7.25	99.8	Jun.2000	2.0	-	Hambros Bank

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon pays 6-month Libor - 0.25%; minimum 5%, maximum 8%. b) Coupon pays 6-month Libor - 0.25%; minimum 5.125%, maximum 8.125%. c) Spread is over the interpolated yield curve. d) Conversion price: Baht307.31 (14.7% premium over average of last 5 days). FX: 25.2 Baht/$. Callable annually from Sep.96. e) Final terms fixed on Friday.

Italy moves to repay Efim bank creditors

By Haig Simonian in Milan

THE Italian government yesterday took its biggest practical step to repaying foreign bank creditors of the Efim state holding company, put into voluntary liquidation last year, by authorising the treasury to raise L1,600bn through Euromarket loans.

However, the entire Efim repayment package, which envisages issuing at least L9,000bn in special government bonds, continues to hinge on approval from the European Commission.

Mr Alberto Predieri, the administrator appointed to run the group after its collapse, is due to meet Commission members in Brussels today to discuss the government's plans.

The L1,600bn to be raised will be used to repay fully foreign bank creditors of Efim or wholly-owned subsidiaries. The creditors will be repaid in the currency of their original loans.

The L1,600bn represents part of the figure of L9,000bn indicated by the government as representing Efim's exposure to the banking system.

Timing for the repayments now hinges on the Commission. Mr Predieri has said it should decide on the legality of the government's package sometime after today. Both the treasury and prime minister, Mr Giuliano Amato, have indicated the government aims to repay foreign creditor banks by the end of this month.

The money will be raised by a pool of Italian banks, co-ordinated by Banca di Roma, which will then on-lend the proceeds to the treasury. No date has been revealed for when the government will issue the special domestic bonds through which Italian bank creditors will be repaid.

Foreign bank creditors have welcomed the government's plans.

One member of the steering committee of foreign bank creditors played down the impact of the conflict with the Commission. "We believe it's the usual problem of inadequate information from Rome," he said.

Guangdong poised for $150m issue

By Alexander Nicoll, Asia Editor

A $150m floating rate note is expected to be launched tomorrow for Guangdong International Trust & Investment Corporation (Gitic), a development arm of the government of China's fastest-growing province.

The issue, led by Union Bank of Switzerland, will have a five-year maturity and carry a Baa1 rating from Moody's.

Mr Huang Yantian, Gitic's president, said the coupon was expected to be 55 basis points above Libor.

Gitic plans to use the money to finance projects which are already under way in power generation and acrylic fibre production. Guangdong's economic growth last year, at nearly 20 per cent, outstripped the 17 per cent growth in its power generation capacity.

Foreign investment has been pouring into Guangdong, particularly from Hong Kong and ethnic-Chinese businesses elsewhere in Asia.

However, there are concerns about the strains created by rapid growth. Prices in Guangzhou, the province's capital, rose 17.2 per cent in the first quarter of 1993 over the same period last year.

Short-dated UK gilts rally as Bank details next auction

By Jane Fuller and Sara Webb in London and Patrick Harverson in New York

SHORT-DATED UK government bonds rallied yesterday, gaining a quarter of a point as the Bank of England announced details of its next auction. The Bank will offer £3bn of 7¼ per cent bonds due 1998 on April 28.

GOVERNMENT BONDS

However, the longer end of the gilt market was slightly depressed by the disappointing public sector borrowing requirement figure for March, which at £9.5bn was about £1.5bn worse than expected.

The auction announcement generated some relief that the issue was no larger than expected, and the decision to make it partly payable on April 28, with the rest due a month later, was welcomed

The price of the 7¼ bond due 1998 gained about a quarter point, more than making up the ground lost on Monday ahead of the auction announcement.

Although the PSBR figure was described as "shocking" by some dealers – representing an increase in government spending of about £5bn compared with March 1992 – the damage was limited at the longer end of the gilt market. The 8 per cent bond due 2003 and the 9 per cent due 2012 each lost roughly ⅛.

Dealers were reassured by the one-off aspects of some of the government spending, as departments used up allocation at the end of the year. Some buoyancy was also detected in income tax and VAT receipts, a trend which was expected to continue as economic recovery took hold.

The increase in borrowing was not seen as a threat to the official forecast of £50bn for this year's PSBR, although some economists are now inclined to see it as a realistic – rather than a pessimistic – projection.

Once this forthcoming auction is over, the government will have raised about a fifth of its borrowing requirement for 1993-94, said Mr Simon Briscoe, economist at Midland Global Markets.

■ EUROPEAN government bond markets drifted lower in lacklustre trading as dealers are focusing on today's Bundesbank repo and tomorrow's Bundesbank Council meeting for signs of lower interest rates in Germany.

German government bond prices slipped back a quarter-point as new supply helped to depress the market, dealers said. The Treuhand privatisation agency issued DM3bn of 10-year bonds with a 6.5 per cent coupon to the bond syndicate, and dealers expect a further DM6bn to DM7bn to be auctioned today. "The new bond didn't stimulate much demand for long-dated paper," said one dealer, who added that response to the issue was not particularly enthusiastic.

The Liffe bund futures contract opened at 96.34 and edged up to a high of 96.37 before drifting down to 96.10 by late afternoon.

Dealers hope the Bundesbank will continue to allow a slight easing of interest rates at its repo, the results of which will emerge today. At last week's repo, the minimum rate was 8.11 per cent.

Elsewhere in Europe, French government bonds ended lower on profit-taking. Monday's cuts in interest rates by the Bank of France prompted a rally in the French government bond market, but yesterday the market fell back and the June future closed down 0.26 at 117.86.

■ THE combination of the yen's new high against the dollar and weakness in the Japanese stock market helped to push up Japanese government bond prices. The futures contract rose from 108.80 to 109.22 in Tokyo and then gained slightly to reach 109.25 in London. In the cash market, the yield on the benchmark No 145 bond moved from 4.25 per cent to 4.205 per cent.

Further support was lent to the bond market by bearish remarks on the domestic economy from Mr Yasushi Mieno, governor of the Bank of Japan.

As expected, the ministry of finance auctioned Y800bn of 10-year bonds with a 4.5 per cent coupon, reopening the No 157 issue. The average price was 99.71, with a low of 99.60.

■ US Treasury prices were mixed yesterday morning after shorter-dated issues were stable on news of weak housing starts but longer-dated securities were noticeably lower on profit-taking by retail accounts. By midday, the benchmark 30-year government bond was down $\frac{7}{16}$ at $104\frac{23}{32}$, yielding 6.752 per cent. At the short end of the market, however, the two-year note was unchanged at $100\frac{3}{16}$, to yield 3.756 per cent.

Although the day's main economic figure – a 4.6 per cent drop in March housing starts – was in line with expectations, it still gave a small boost to the short end of the maturity spectrum, helping prices to hold their ground in a weak market.

At the longer end, prices fell on profit-taking. Dealers remained mostly on the sidelines, content to trade the bond with the yield at 6.75 per cent. The only other activity of note was modest selling of the 10-year note – apparently hedging related to the $1bn Eurodollar issue by Abbey National, the UK financial services group. The Eurodollar deal was priced off 10-year notes.

FT FIXED INTEREST INDICES

	April 20	April 19	April 16	April 15	April 14	Year ago	High *	Low *
Govt.Secs.(UK)	95.89	96.06	96.35	96.91	97.12	88.49	98.04	93.28
Fixed Interest	111.80	111.89	112.78	112.86	113.01	102.40	113.83	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928. * for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75) Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	April 19	April 16	April 15	April 14	April 13
Gilt Edged Bargains	113.1	110.3	121.4	107.8	103.5
5-Day average	111.2	106.0	103.6	99.8	97.0

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	113.9985	-0.554	7.52	7.44	7.67
BELGIUM		9.000	03/03	110.8000	-0.200	7.42	7.35	7.41
CANADA *		7.250	06/03	99.5500	+0.000	7.31	7.39	7.47
DENMARK		8.000	05/03	102.2500	+0.100	7.67	7.83	8.16
FRANCE	BTAN	8.000	05/98	104.6107	-0.177	6.88	6.82	7.16
	OAT	8.500	04/03	109.7900	-0.200	7.10	7.10	7.39
GERMANY		7.125	12/02	103.5550	-0.410	6.61	6.55	6.67
ITALY		11.500	03/03	93.3500	+0.085	13.10†	13.17	12.80
JAPAN	No 119	4.800	06/99	103.0916	+0.151	4.17	4.28	3.99
	No 145	5.500	03/02	108.3287	+0.278	4.22	4.24	4.07
NETHERLANDS		7.000	02/03	103.4500	-0.020	6.50	6.51	6.63
SPAIN		10.300	06/02	93.2135	-0.417	11.52	11.74	11.47
UK GILTS		7.250	03/98	101-08	+7/32	6.94	6.67	6.71
		8.000	06/03	101-04	-2/32	7.84	7.82	7.66
		9.000	10/08	106-11	-	8.27	8.06	8.21
US TREASURY *		6.250	02/03	102-26	+2/32	5.87	6.08	5.96
		7.125	02/23	104-25	+4/32	6.75	6.76	6.82
ECU (French Govt)		8.000	04/03	102.8300	-0.280	7.59	7.52	7.51

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on April 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106	106⅜		4.18
ALBERTA PROVINCE 9 3/8 95	600	111	111⅜		4.62
AUSTRIA 8 1/2 00	400	113¾	114⅛		5.96
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ARBED 7 1/2 95 LFr	600	98¼	99¼		8.11
ECSC 7 3/4 94 LFr	1000	100	100¼		7.71
WORLD BANK 8 96 LFr	1000	101⅞	102⅞		7.47
[illegible]					

The remainder of the FT/ISMA International Bond Service tables (U.S. dollar straights, Deutsche Mark straights, Swiss franc straights, Yen straights, Other straights, Floating rate notes, Convertible bonds) is [illegible].

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	21	40	16
Other Fixed Interest	1	1	13
Commercial, Industrial	378	191	834
Financial & Property	135	114	551
Oil & Gas	13	19	52
Plantations	0	2	6
Mines	71	14	50
Others	29	61	36
Totals	648	442	1,558

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	¼	½	Anglo Utd Warrants	½		-	-	-	-
170	F.P.	-	218	193	Brown (J)	217		W6.0	2.4	3.5	15.4
160	F.P.	-	188	153	David Lloyd Lsis	173	+2	b1.95	4.8	1.4	16.7
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
550	Nil	8/6	120pm	115pm	Atlas Cnvrtg Export	115pm	
265	Nil	5/5	64pm	51pm	Bemrose	64pm	+2
20	Nil	17/5	11pm	9pm	♣Billiton & Battersea	9pm	
23	Nil	7/5	2½pm	1½pm	Channel Holdings	1½pm	
10	Nil	11/5	¼pm	¼pm	♣Ensor	¼pm	
200	Nil	6/5	20pm	12pm	Harris (P)	12pm	-1
100	Nil	29/4	14pm	6pm	Ingham	12pm	-1
285	Nil	13/5	78pm	57pm	Low & Bonar	57pm	-2
38	Nil	7/5	10pm	9pm	Mayflower Corp.	9pm	-1
180	Nil	13/5	54pm	19pm	Medeva	30pm	
60	Nil	11/6	3pm	3pm	Newmark (Louis)	3pm	
150	Nil	26/5	21pm	13½pm	Slough Estates	14pm	

b Figures based on prospectus estimates. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1993-94. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ♣ Unlisted securities market. ¶ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ♥ Units comprising 1 ord. and 1 zero pref. share.

TRADITIONAL OPTIONS

● First Dealings April 5
● Last Dealings April 23
● Last Declarations July 15
● For settlement July 26

3-month call rate indications are shown in Saturday editions.

Calls in: ASDA, Aviva Pet., Casket, Hanson Wts., Hartstone, Lucas Wts., Mid-States, Proudfoot (A), Regalian and Sleepy Kids. Puts in: BM Prf., Blenheim, Halma, Ratners, TI and Tarmac. Puts & Calls: BM Prf., Gresham Tel., Hanson Wts. and Mid-States

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*586)	550	36	48	53	29	37	45
	600	14	26	32	63	68	75
[illegible]							

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
BAA (*772)	750	34	47	62	9	28	35
	800	9	24	37	38	56	63
[illegible]							

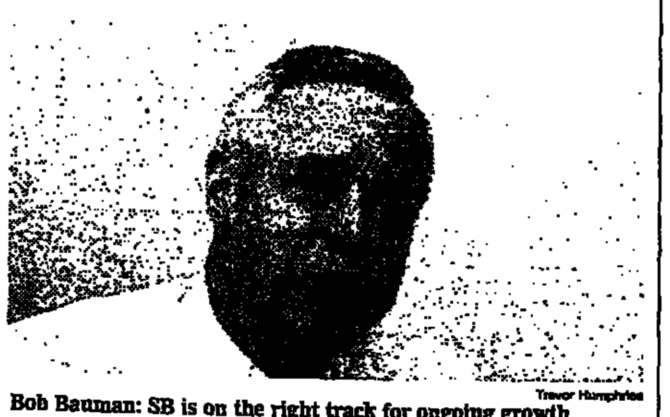
Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Glaxo (*578)	550	52	74	82	19	34	50
	600	27	39	59	44	60	77
[illegible]							

FT-ACTUARIES FIXED INTEREST INDICES

[illegible]

New drugs help SB rise 12% to £306m

By Paul Abrahams



Bob Bauman: SB is on the right track for ongoing growth

Trevor Humphries

SMITHKLINE BEECHAM, the Anglo-American drugs and consumer products group, yesterday reported pre-tax profits for the first quarter to March 31 ahead by 12 per cent from £272m to £306m, on sales 26 per cent greater at £1.52bn, compared with £1.21bn.

The results were aided by currencies. At comparable exchange rates, sales were up 11 per cent and pre-tax profits 10 per cent. The company said profits were less affected by currency because of hedging policy. Earnings per share were up 14 per cent from 6.6p to 7.5p.

Mr Bob Bauman, chief executive, said: "We have had four years of substantial growth. SB is on the right track for ongoing growth.

"Controlling healthcare costs is a priority, but government leaders should understand that medicines, which account for less than 10 per cent of total medical costs in most countries, dramatically lower costs by maintaining health and limiting the need for far more expensive surgery and hospitalisation," he said.

In Europe, pharmaceuticals sales only grew by 3 per cent. Legislation in Italy and Germany cut sales by 15 per cent and 11 per cent respectively. In the UK and France they rose 10 per cent and 19 per cent.

The pharmaceuticals division's turnover rose 32 per cent from £674m to £886m while trading profits increased 14 per cent from £215m to £245m. Performance was helped by US sales up by 25 per cent.

Drugs sales were also helped by new products which had not come on stream fully for the same period last year.

Sales of new products were £95m, compared with £212m for all of 1992. These included Seroxat, an anti-depressant known as Paxil in the US, Relafen, an anti-arthritic, Kytril, an anti-nausea and vomiting treatment, and Havrix, a hepatitis A vaccine.

Sales of Augmentin, an antibiotic increased 22 per cent to £212m, following a weak first quarter last year.

Sales of Tagamet, an anti-ulcer compound and traditionally the company's best-selling drug, fell 22 per cent against an unusually strong first quarter in 1992. The medicine comes off patent next month in the US, its largest market.

Consumer brands, which include Lucazade and Ribena, generated turnover up 10 per cent from £322m to £355m, while operating profits fell 14 per cent from £43m to £37m.

The first quarter dividend is 2.533p per share and 4.896 cents per equity unit.

EIS seeks £24m to rebuild cash bank

By Richard Gourlay

EIS, the specialist engineering company, yesterday tapped shareholders for £24.4m through a 1-for-5 rights issue designed to rebuild cash balances for a fresh round of acquisitions.

The company also announced a rise in pre-tax profits from £14.2m to £15.1m for the 12 months to end-December on the back of a 6 per cent rise in sales to £202m.

Earnings per share fell to 27.26p (28.24p). A final dividend of 8.775p makes a 12p (11.7p) total.

The rights issue – underwritten by SG Warburg at 340p – comes less than two years after EIS last went to shareholders at a price of 265p.

The shares closed down 25p yesterday at 388p.

Mr Peter Haslehurst, chief executive, said the group found it was a distinct advantage to negotiate with potential sellers of companies when they could see EIS had cash with which to pay for the purchase.

The funds would be used to take advantage of the difficulties that a number of companies had experienced in EIS's core areas of process equipment, aircraft and precision engineering and fluid seals and couplings.

Mr Haslehurst said the group would continue growing organically and through the acquisition of businesses making products at the top end of the quality spectrum.

At the end of March, its cash had fallen to £3m, down from £7m at the end of the previous year because a number of its acquisitions during the year had required injections of working capital.

● COMMENT

EIS has enjoyed a reputation for conservatism and acquiring wisely. There is, however, a limit to the amount shareholders will want to stump up without seeing the benefit in earnings growth. Spending the proceeds of the latest rights quickly will avoid too much dilution this year, but the group is clearly going to need to look at bigger fish if its next acquisitions are to justify management effort and make an imprint on profits. As most of the recent purchases have been of small loss-making companies, EIS might therefore be moving into riskier territory. On the other hand, the group is now well-positioned to pick up any specialist engineers that stumble as they emerge from recession. With profits expected to rise to about £16m this year, or 27p of earnings, the group is on a sub-market prospective multiple of about 14 – a correct level until investors catch sight of EIS's shopping list.

St Ives edges ahead to £10.5m

By Roland Rudd

ST IVES, the UK's largest independent printer, withstood the recession by reporting a 4 per cent increase in pre-tax profits for the half year to January 29.

Profits rose from £10.1m in the comparable half year to £10.5m, on reduced sales of £108m (£109m).

Mr Robert Gavron, chairman, said he was looking to make a takeover either in the UK or on the Continent.

"Its not a high urgency and we have to be very careful since a bad acquisition can spoil a company. But we are looking at a number of companies."

He expects that an upturn in his company's markets is on the way and believes it will make "reasonable progress" next year.

Despite the adverse effect of the translation of St Ives' US borrowings, as the pound depreciated against the dollar, it ended the half year with a cash balance of £13.6m.

Interest receivable increased from £973,000 to £1.4m while interest payable fell from £810,000 to £714,000.

The US subsidiary reversed from a £278,000 first-half loss to a £304,000 profit.

The main UK division reported a fall in profit before interest, from £10m to £8.8m, while the rest of the world saw profits rise from £157,000 to £701,000.

Overall operating profit fell marginally from £9.96m to £9.86m.

The company has won the printing contract for the forthcoming sale of the UK government's shares in BT.

As a result of the increase in the effective rate of tax, earnings per share were slightly reduced from 7.3p to 7.2p.

The interim dividend is maintained at 1.5p.

● COMMENT

St Ives' decision to spend £130m over the past four years on some of the most advanced printing presses in the world looks to have been a wise one. Its high operational gearing should allow it to benefit very quickly from the expected upturn. The printing presses are now running at almost 80 per cent of their capacity and should shortly run at full speed if the industry makes a complete recovery. With net cash of more than £13m and a high rating it should be able to pull off its long-awaited acquisition. If this is in the expected price range of £30m to £50m it will not dilute earnings. With forecast full year pre-tax profits of about £22.2m, the shares – down 6p yesterday at 337p – are on a prospective multiple of 22. The expected recovery is well reflected in its rating.

Lasmo ex-chief's pay up 40% but directors to take 5% cut

By Deborah Hargreaves

LASMO executive directors will take a 5 per cent pay cut this year, the oil exploration company said yesterday.

The announcement followed the annual report's publication showing that Mr Chris Greentree, former chief executive, saw his remuneration package increase by 40 per cent last year to £450,647.

Lasmo is struggling under a debt burden which pushed gearing to 111 per cent. This will drop back to 88 per cent when proceeds of a package of asset sales are received.

Last year the company incurred a loss of £385m and cut its dividend, but Mr Greentree received a £50,000 performance-related pay bonus.

Lasmo said yesterday that its current chief executive Mr Joe Darby, would receive a salary of about £200,000, half that of Mr Greentree.

Mr Greentree is still negotiating his severance package.

Lasmo has also proposed issuing $150m (£99m) of cumulative preference shares in the US and up to $250m of long-term fixed rate debt securities or Yankee bonds. The company said it would count the perpetual preference shares as equity and expected the share sale to reduce its gearing by 20 percentage points to 68 per cent.

Some analysts, however, do not take the preference shares as equity. The issuing of bonds would extend the life of the company's debt as well as giving it more exposure to US investors.

● Other annual reports issued yesterday showed that Mr Tom Farmer, chairman of Kwik-Fit Holdings, had his pay reduced from £342,000 to £234,000 as pre-tax profits fell from £32m to £17m.

Sir David Alliance, chairman of Coats Viyella, picked up a little more at £218,000 (£193,000) but Mr Neville Bain, chief executive, received less at £352,000, including £17,000 performance-related incentive payments, compared with £381,000. Coats Viyella pre-tax profits for 1992 were £109m, against £111m published, and £97m restated.

Huntleigh doubles to £5.5m

By Richard Gourlay

HUNTLEIGH Technology, the maker of pneumatic hospital mattresses that relieve bed sores, yesterday reported a doubling of profits and an even larger increase in earnings.

Helped by rapid growth in its new ultrasonic blood pressure gauge, pre-tax profits advanced from £2.36m to £5.54m on sales up 35 per cent at £28.4m.

Earnings per share rose from 17.35p to 40.12p and the recommended final dividend is 6p, giving a total for the year of 10p (4.5p).

A 2-for-1 scrip issue is also proposed to increase the marketability of the shares which yesterday rose 95p to close at £10.70p, up from 413p a year ago.

Huntleigh is today awarded the Queen's Award for technological achievement for its Dopplex blood pressure diagnostic work.

Mr Rolf Schild, chairman, said the group had reached an agreement with Slumberland to develop and distribute therapeutic mattresses to hospitals.

That would extend its own range of mattresses that prevent bed sores in lower risk patients, a move which will bring the group's products to a larger market.

Huntleigh is also entering a joint venture with one of its sub-contractors in the US to manufacture its products. The US currently accounts for 40 per cent of its sales. Mr Schild said some large customers, like the Veterans Administration, had a strong preference for buying from US companies.

He added that the company would also invest some of its cash this year to double production capacity.

Net cash at the period end amounted to some £2.3m.

During the year Huntleigh expanded the rental depots in the UK, Germany and the US from which it distributes its own products.

Excalibur gets bid approach

Excalibur, the jewellery and engineering group, has received an approach which "may or may not lead to an offer being made for the company". The group's shares have risen from a low of 8½p this year to 17½p, up 2p yesterday. The rise prompted the announcement.

The group said it could make no further comment. The identity of the possible bidder was not disclosed.

In January it announced an interim loss of £183,000 as its jewellery business was hit by problems in the retail trade. It halved its interim dividend.

A number of investors have come into the group recently. Three directors bought 2.8m shares last September at 8p each, taking their holdings to nearly 13 per cent. And Suter, Mr David Abell's mini-conglomerate, recently bought a 6 per cent stake.

Vizcaya shares suspended

Shares of Vizcaya Holdings, the USM-quoted mining and exploration group, were suspended yesterday at the company's request at 5¾p.

The move was in connection with discussions about a possible large acquisition.

Mr Desmond Bloom, chairman, said that the company intended to reorganise and focus on property investment.

CWS knocked by interest charges

By Neil Buckley

THE RESCUE of a struggling regional co-operative and a "tough" trading climate pushed profits at Co-operative Wholesale Society, the UK's biggest farmer and a significant force in retailing, down 63 per cent last year.

The CWS is the main supplier for the whole co-operative movement and is now the largest co-operative retailer, as well as having interests in food manufacturing and milk distribution, travel, and funeral services.

Profits after exceptional items and interest for the year to January 9 fell from £13.8m to £5m, in spite of an increase in total turnover from £3.14bn to £3.25bn, with a rise in retail sales from £2.61bn to £2.83bn.

While trading profit rose slightly to £52.3m (£51.7m), and the £12.7m of exceptional items – to cover continuing redundancy and rationalisation and provisions against property development work in progress – were little changed from last year's £12.6m, interest charges rose from £25.4m to £34.5m.

This stemmed largely from increased borrowings after the CWS stepped in to rescue the Greater Nottingham Society, which acquired the loss-making ELS furniture chain, which later went into receivership.

The CWS agreed to merge with the society, and inherited debts and winding-up costs for ELS of more than £100m.

Overseas boost for Bodycote

By Roland Rudd

BODYCOTE International, the metal technology, packaging and textiles group, reported an 18 per cent increase in pre-tax profits on the back of increased overseas earnings for the year to December 31.

Profits rose from £11.5m to £13.6m on sales of £80.3m (£66.5m).

Mr Joe Dwek, chairman and joint managing director, said: "Given the difficult trading conditions in the UK the growing level of overseas profits has been particularly valuable."

The shares rose 20p to 584p.

Overseas profits increased more than 70 per cent to £5.3m (£3m) while UK profits sliped to £8.4m (£8.5m).

Overall operating profit rose to £13.7m (£11.5m).

The overseas increase partly reflected last year's acquisition of Industrial Materials Technology, which has two plants in the US, and IMT Europe, based in Belgium, from National Forge Company of Delaware.

The metal technology division, which accounts for 65 per cent of group profits, increased its contribution from £6.6m to £9.2m. It is expected to continue to be the main source of future growth with further acquisitions.

Over the last five years £42m has been invested in capital equipment, of which £9.5m was incurred last year.

Earnings rose to 31.7p (27.8p). A final dividend of 6.25p makes a 10p (9.25p) total. A 1-for-1 scrip issue is also proposed.

Miller recovers to £3.5m

By James Buxton, Scottish Correspondent

PRE-TAX PROFITS at Miller Group, one of the UK's biggest privately-owned construction companies, recovered in 1992 to £3.5m after falling to £500,000 in 1991.

Profit before exceptional items was £8.2m (£7m). The Edinburgh based company provided £4.6m (£6.4m) to cover write-downs in the value of property and building land.

During the year gearing was reduced from 33 per cent to just 4 per cent, and the order book increased by 20 per cent.

In 1992 Mr James Miller, chairman, stepped down as chief executive of the family-owned group. A new management structure was established with Mr David Cawthra coming in as chief executive. Mr Cawthra was formerly chief executive of Balfour Beatty.

NatWest Bancorp jumps to $61m

By John Gapper, Banking Correspondent

NATWEST Bancorp, the US subsidiary of National Westminster Bank, yesterday disclosed a doubling of pre-tax profits for the first quarter of the year, marking its fifth quarter of recovery from losses at the turn of the decade.

Net income for the quarter rose from $30.1m to $60.7m (£40.1m). The result included the recognition of $9.5m of federal tax benefits which had previously not been recorded.

The bank achieved a 13.03 per cent return on equity (7.03 per cent). Its ratio of tier 1 capital to risk-weighted assets rose to 7.94 per cent (6.47 per cent) and total risk-asset ratio to 12.69 per cent (10.97 per cent).

Mr John Tugwell, NatWest Bancorp's chairman and chief executive, said the bank had put a difficult period behind it and was now building on a strong recovery. He said there had been steady improvements in asset quality.

The provision for loan losses in the quarter was $30m ($30.5m), while loan charge-offs fell sharply to $27.9m ($61.7m). The allowance for loan losses on the balance sheet was $612m, or 4.42 per cent of total loans outstanding.

National Westminster's shares closed 11p up at 472p.

Proposed reorganisation prompted by dramatic fall in North Sea orders

Trafalgar plans merger of offshore operations

By Andrew Taylor,
Construction Correspondent

REDPATH AND RGC, two of Britain's biggest North Sea offshore oil and gas fabricators, are to merge as part of a reorganisation of Trafalgar House's offshore engineering operations.

The move comes against the background of a dramatic fall in North Sea orders.

Turnover of the seven largest North Sea fabricators of £1.5bn last year is expected to fall to about £500m this year.

Trafalgar House Offshore, which owns both Redpath and RGC, has cut its labour force from 7,000 to 4,000 since last summer. A further 500 to 600 job losses, already announced, have still to take place.

The group closed its Scott Lithgow yard on the Clyde, west of Glasgow, in February. Last year the yard employed 700.

Mr Syd Fudge, managing director of Trafalgar House Offshore, said there were no plans to close any of its three remaining yards - one at Fyfe, in Scotland, and two on Teesside in north-east England.

Mr Fudge said yesterday: "We would hope that there will be no further redundancies beyond those which have already been announced. Much will depend upon how successful we are at tendering for what work is available."

Trafalgar is reorganising its offshore business to take account of the fall in orders for fabrication of large exploration and production rigs as development of the North Sea slows.

As a result it plans to have up to half of its business generated outside the North Sea. The company is in the final stages of negotiating with the Vietnamese government a joint venture to provide services for the developing Vietnamese offshore oil industry.

Trafalgar, which would own 60 per cent of the joint venture in Vung Tu on the Mekong delta, intends to use it as a base to break into other south-east Asian offshore markets. It would use local labour and services as much as possible, said Mr Fudge.

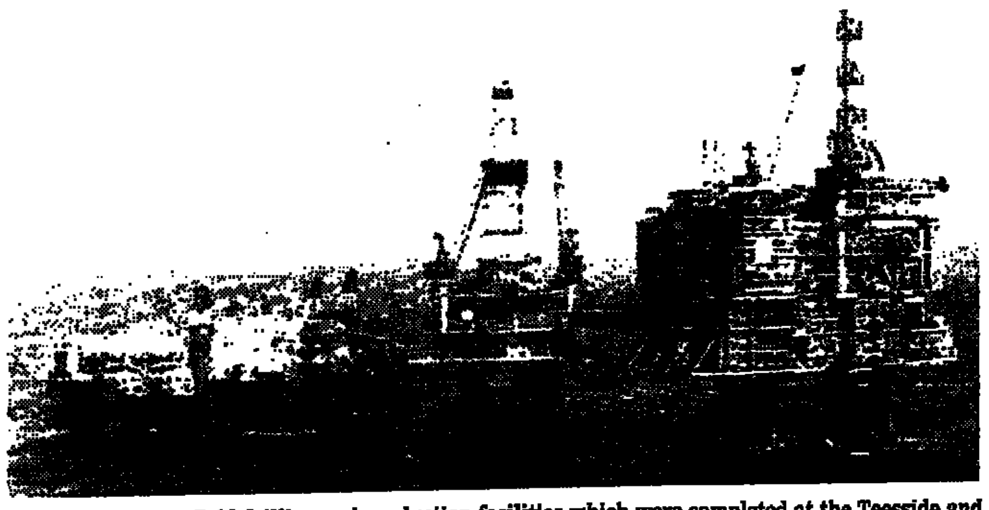
The company has also been looking at opportunities to form similar joint ventures in Azerbaijan, Russia, India and Canada.

Its reorganised business will also place greater emphasis on North Sea repair, maintenance and improvement work.

Trafalgar said production facilities in future were likely to be much smaller and would hook up to existing platforms.

Fabrication of large scale stand-alone platforms for the North Sea, which last year accounted for about 80 per cent of Trafalgar's workload, is expected to reduce to about 30 per cent during the next decade.

Turnover of about £500m last year is expected to fall to about £300m this year.



The BP and Bruce field drilling and production facilities which were completed at the Teesside and Methil yards of Trafalgar House Offshore Fabricators during the summer of 1992

British Fittings turns in reduced loss of £1.44m

By Paul Cheeseright,
Midlands Correspondent

BRITISH FITTINGS Group has started to emerge from the problems of 1991 when, a week before it expected to announce pre-tax profits of £3.8m, it uncovered a series of stock thefts and accounting errors which led instead to heavy losses.

In the 1992 year the Birmingham-based group incurred a pre-tax loss of £1.44m, against a restated deficit of £3.57m.

"The slate is clean now," declared Mr Cecil Buckett, brought in last May as finance director of the pipeline equipment distribution, high pressure water products and non-ferrous metals distribution group.

Over the past year, the group has installed new accounting systems and reduced its operational cost base. "This year we're in profit, we're fairly close to budget," said Mr Brian Stanton, chief executive. "We're not banking on a major upturn. We have geared the company to make a profit in the present climate."

Against this background, and despite losses per share of 5.41p, a final dividend of 1p is declared, bringing the total for the year to 1.5p. Last time, the total distribution was 5.375p after losses per share of 14.49p.

A financial restructuring, which involved a partial withdrawal from non-ferrous metals distribution and a reduction in working capital needs as tighter stock control was exercised, cut borrowings and reduced gearing by the year end to 66 per cent, from 75 per cent in June 1992.

In trading conditions described by Mr Michael Borlenghi, chairman, as "extremely difficult, particularly in the construction industry and especially in the last quarter of the year," turnover fell 7 per cent from £82.8m to £77m, and operating profit from £1.77m to £1.59m.

Exceptional charges of £542,000 compared with £2.09m in 1991, largely to pay for 150 redundancies.

Below the line, the group took extraordinary charges of £1.95m, against £1.18m, to pay for the closure of a non-ferrous metals business.

Maxwell US sales set for July

By Andrew Jack

THE SALE of the M&O Group, which holds the US assets of Maxwell Communication Corporation including Macmillan and Official Airlines Guide, could be completed by July this year, the administrators said yesterday.

Initial indicative and non-binding offers for the group in whole and in parts were received last week and were described by Mr Mark Homan, the senior joint administrator to MCC, as "encouraging".

He refused to give any details of the bidders, but previous estimates of the value of the US assets have put them in the $700m to $1.1bn (£464m to £720m) range.

A number of bidders have been invited to conduct due diligence on the businesses and will be expected to submit formal offers for a second round of bidding in July. The format has yet to be determined.

Final sales may depend on anti-trust clearance if any other large publishers make bids, but could still leave time for the payment of a dividend by the end of November.

Mr Homan said the bids came in a "Chinese menu approach", with some for the whole group and others for bits of the businesses.

The move towards private sales confirms the decision hinted at earlier this year by Price Waterhouse that it would move away from any flotation for Macmillan.

Any pay-outs will be conditional on approval of the scheme of arrangement for MCC by the US and UK courts. The next stage is ratification by the US bankruptcy court in New York next Monday.

Mr Homan said realisations so far from MCC have totalled about £80m, but much of this money is tied up in escrow or is committed to pay for past or future costs of the administration.

Meanwhile, Mr John Talbot, head of insolvency at Arthur Andersen and administrator to the private Maxwell companies, confirmed that he planned to place about 30 businesses into company voluntary arrangements from next month. He expected to realise dividends of 15p to 20p in the pound on the businesses.

He said, however, that there were no immediate plans for the sale of the companies' controlling shareholding in Mirror Group Newspapers. "We are not actively seeking to sell," he said. "We have not agreed a timetable."

Ropner shows 27% decline to £3.82m

Ropner, the Co Durham-based engineering, property and shipping group, reported profits before tax of £3.82m for the 1992 year on turnover of £15.5m.

The outcome, struck after exceptional profits of £422,000, represented a 27 per cent decline on last time's profits of £5.27m after exceptional credits of £805,000. Turnover in 1991 amounted to £14.6m.

Directors said that difficult trading conditions and the impact of recession had shown "little sign of abatement".

There were, however, the "first glimmerings" of a property revival but no marked increase in demand for the group's engineering products.

Earnings per share emerged at 11p, down from 15.8p; the recommended final distribution is held at 4.75p, maintaining the total for the year at 8.25p.

Acquisitions help Shani rise 74% to £1.34m

Shani Group, the ladies' and childrens' wear manufacturer, reported pre-tax profits ahead 74 per cent at £1.34m, against £770,000, in the six months to January 31.

The result reflected a strong performance by coat and suit manufacturing acquisitions. There was some improvement in the core businesses despite competitive pricing required by customers.

Turnover for this USM-quoted company more than doubled to £11.5m. The pre-tax figure included lower interest receivable of £186,000 (£271,000).

Earnings per share came out at 6.3p (2.6p) and an increased interim dividend of 1.8p (1.6p) is declared.

Mr Martin Hollis, chairman, said that the second half had started well and he looked forward with confidence to a successful outcome for the year.

Freeman shares rise on recovery to £0.87m

FREEMAN GROUP, the USM-quoted building products company, achieved a measure of recovery in 1992 with pre-tax profits of £874,000 compared with £342,000. The shares rose 17p to 139p.

Turnover was £61m, compared with £74m, which included £18m from discontinued activities. The contracting division was sold in February 1992.

Operating profits were £1.56m, against £966,000 after accounting for losses of £1.12m on discontinued activities.

Overseas, where Freeman now has a total of 32 trading locations in four European countries, France set the pace. The Spanish subsidiary, acquired in August 1992, incurred a pre-tax loss of £102,000 and a positive contribution was not expected in 1993.

There was a transfer from reserves of £131,000 (£3.3m) after a smaller extraordinary charge of £310,000 (£3.06m) relating to a provision against the possible costs of litigation on a contract for work for Taylor Woodrow at Euro-Disney.

Earnings worked through at 7.8p, compared with losses of 0.6p. The directors are recommending the restoration of the final dividend with 3p to make a total of 5p (3p).

COMPANY NEWS: UK

Abbey National warns of further heavy provisions

By John Gapper, Banking Correspondent

ABBEY NATIONAL, the mortgage lender, disclosed yesterday that it expected to make further heavy provisions this year against possible bad debts on operations in Europe after a £47m provision in France and Spain for 1992.

Sir Christopher Tugendhat, chairman, told the annual meeting of the former building society that market conditions in Europe "continue to deteriorate" and it expected to make provisions "that could be at least at last year's level".

He said the core rationale which had prompted it to enter business in Europe "remains sound" although it was a long-term investment. But he said the board continued to keep all diversifications under close review.

Abbey last year had to make capital injections of £37m in France and £28m in Spain after suffering losses on commercial property lending.

It stopped commercial lending in France in March 1992, and has changed management in Spain.

Mr John Wriglesworth, analyst at UBS, said he expected Abbey would make provisions of about £100m on continental lending for 1993.

Sir Christopher said Abbey's mortgage lending had "got off to a good start in the first quarter. Mortgage approvals were 60 per cent up on the first quarter of 1992, following the offer of competitively-price fixed rate mortgages.

He said loans one to two months in arrears fell from 70,000 in December to 56,500 at the end of March. The number of properties in repossession fell from 9,300 to 9,000.

Boosey & Hawkes scores classic win

By Andrew Bolger

THE POPULAR success of a classical symphony was cited as the most remarkable feature of the past year by Boosey & Hawkes, the instrument maker and musical publisher which yesterday reported increased sales, profits and dividend.

It said the third symphony by Górecki, a Polish composer, which entered the pop album charts, had now sold 250,000 copies worldwide which would eventually earn the company £50,000 – although none of that was included in the results to December 31.

Sales rose 10.6 per cent to £59.4m while pre-tax profits increased 5.4 per cent to £4.23m. Both the instrument and publishing divisions saw an increase in sales, but only publishing contributed to the growth in profits.

Mr Walter Connor, chairman, said he was pleased with the results, which were achieved "despite the extremely tough market conditions".

Turnover in the instrument division increased 10.5 per cent to £47.7m, but operating profit was 4.5 per cent lower at £2.9m. Overheads were reduced but competitive pressures on prices cut margins.

About 35 jobs have gone from the UK factory which makes brass instruments and flutes and 25 jobs have been moved from the Frankfurt area to eastern Germany, where woodwind instruments can be made more economically.

The publishing division increased sales 11.2 per cent to £11.7m and operating profit 6.7 per cent to £3.9m. In spite of worldwide reductions in arts funding, the group said its serious music catalogue – contemporary works and back catalogue alike – produced significant royalty growth.

Mr Richard Holland, chief executive, said that although confidence in the UK was starting to recover, world market conditions continued to be tough, especially in mainland Europe and Japan. However, he expected the group to emerge from the recession with good long-term growth prospects.

Earnings rose 8 per cent to 67.5p. A final dividend of 16p makes a 22p (20p) total.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bodycote ....fin	6.25	July 1	5.75	10	9.25
Boosey & Hawkes ....fin	16	June 10	14.5	22	20
British Fittings ....fin	1	June 10	4	1.5	5.375
EIS ....fin	8.775	July 9	8.525	12	11.7
Freeman § ....fin	3	June 7	nil	5	3
Hammerson ....fin	6.5	June 15	17	10	20.5
Huntleigh § ....fin	6	July 1	2	10	4.5
Ropner ....fin	4.75	-	4.75	8.25	8.25
St Ives ....int	1.5	June 7	1.5	-	5.25
Shani § ....int	1.8	July 7	1.6	-	4.4
SB ....int	2.533✝	July 15	2.075	-	8.758

Dividends shown pence per share net except where otherwise stated. §USM stock. ✝First quarter.

Stagecoach share offer eight times subscribed

By James Buxton, Scottish Correspondent

THE PUBLIC share offer by Stagecoach, the Perth-based bus operator, was subscribed almost eight times, with applications from 45,000 private investors.

The company offered 11.7m shares at 112p to the public, and placed a further 21.8m with institutions. The placing and offer valued the company at £134m and raised £20.6m to fund acquisitions.

The offer was aimed at small shareholders, being advertised on the sides of the company's buses. Some 380 directors and staff applied for and were granted 675,500 shares. Some 86.8m shares were sought against the balance of 11m shares available. About half of the applications were for 600 shares or fewer.

Noble Grossart announced that the allocations will be as follows – applications for 250 shares will receive 200, between 500 and 1,000 will receive 225, up to 1,500 will receive 240, up to 2,000 will receive 250, between 2,500 and 10,000 will receive 10 per cent of the application. Those who applied for more than 10,000 will receive none.

Certificates will be despatched on April 26. Dealings begin on April 27.

● The DTI has cleared the acquisition by Stagecoach of the Alder Valley business.

94% take up for Clyde rights issue

Acceptances for Clyde Petroleum's recent rights issue of 79.86m shares, to raise £34m, totalled 74.72m, some 93.57 per cent of the shares on offer.

The proceeds will be used for development costs.

A leaner business that has more bite

James Buxton looks at Devro, the sausage skin maker which is coming to the market

DEVRO International is not a company for the squeamish. This has nothing to do with its performance, which is very good, but rather with its main product – for Devro is one of the world's leading makers of edible sausage skins.

Though the company will not acknowledge it, some people find the idea of sausage skins, or casings as the industry calls them, slightly repellent.

If such people exist in the investment community their feelings may be tested in the next few weeks, for Devro is planning a flotation on the London Stock Exchange and may come to the market as early as June.

Devro is a Scottish company which gained its independence in 1991 via a £108m management buy-out from Johnson & Johnson, the US healthcare group.

With two plants in Scotland and other factories in New Jersey, US, and New South Wales, Australia, it is headquartered in the tiny village of Moodiesburn near Glasgow.

The flotation, which Charterhouse, Devro's merchant bankers, says carefully will occur sometime in the coming 12 months, is likely to create a company that "will just creep into the bottom of the FT 350 index", suggesting a market capitalisation of between £170m and £180m.

Yesterday Devro announced that it made an operating profit of £21.8m in the 12 months to December 1992 on turnover of £82.7m.

That compared with an operating profit of £13.4m on sales of £53.4m for the 11 months to December 1991.

After interest payments of £9.5m last year Devro made pre-tax profits of £12.8m against £6.3m.

The global market for edible casings for sausages and other foods is worth about $3bn (£1.9bn).

Devro claims to have 56 per cent of the market for larger casings made of collagen, a protein found in cow hides, whose discovery by medical researchers at Ethicon, the J&J subsidiary, led to the creation of Devro in 1962.

"Devro was always a business apart within J&J," says Mr Frank De Angeli, Devro's chief executive.

Although collagen was not a healthcare product, J&J decided to launch collagen casings on the sausage market.

The global market for edible casings is worth about $3bn. Devro claims to have 56 per cent of the market for larger casings made of collagen, a protein found in cow hides. The discovery of collagen by medical researchers at Ethicon, the J&J subsidiary, led to the creation of Devro in 1962

The largest single share – about 30 per cent – of the world sausage casing market is still held by sheep and hog gut, which, Mr De Angeli admits "may give you a better bite." Collagen, he says, sells "on the softness of our bite to the consumer."

Since the 1960s collagen casings have made big inroads into the sausage casing market in several countries, especially the UK, where they have a 75 per cent share.

"The gut market is in a state of gentle erosion worldwide", according to Mr De Angeli. Devro's sales volume has risen by 4 per cent a year over the past 11 years.

The advantage of collagen over gut as a sausage casing is that it is produced in regular lengths and lends itself to being used with high speed machinery.

But gut maintains a large share of the market in Germany and the US where consumers eat a different range of sausages to those in the UK.

Devro has a very strong position in the UK sausage market, from which it derived about half its turnover in 1991, with 94 per cent of the collagen casings segment.

It also has 40 per cent of the US collagen market and 83 per cent of the Australian market. It is trying to expand in France and Germany, and is developing in Japan and Korea.

It also has only three effective competitors in collagen casings, Naturin in Germany, Nippi in Japan and Coria in the US. None has Devro's global marketing capability.

According to research by NatWest Securities, Devro has enough manufacturing capacity to meet demand for the next four to five years, and more than 60 per cent of its costs are fixed, making for a very low marginal cost of production.

Partly because Devro did not fit in with J&J's other businesses several attempts were made by its management in the 1980s to buy it out.

Eventually an MBO was achieved by Charterhouse which became the main institutional investor.

Mr De Angeli, 67, a former main board director of J&J who was not previously involved with Devro, put in money as an institutional investor as well as having a stake as a manager.

Trevor Humphries

Leon Allen, left, and Frank De Angeli: collagen skins to rival gut

The other contributors to the company's £30m of institutional equity include Baring Bros, Citicorp, Clydesdale Bank, County NatWest, Dunedin and Standard Life.

The MBO, says Mr De Angeli who, despite his Italian name is British, has "removed parochialism from Devro."

Under J&J the company's four plants were were run as separate units, "loosely co-ordinated by J&J." Now there are single finance, marketing and research directors operating from Moodiesburn.

"Looking at it as one business has achieved our ambition of making it more efficient, though there's a lot more travel involved," says Mr De Angeli.

More than half of the company's 930 staff work at the Scottish plants at Moodiesburn and another at Bellshill, Lanarkshire.

"An MBO makes you more lean", Mr De Angeli says.

"You're always worried about the debt [Devro still has senior debt of £61m] and the covenants you have to keep to."

Very few people have asked me if they can hire more people. We've pulled our horns in and changed our travel policy – I've made a few trips across the Atlantic in economy class."

About 40 middle to junior ranking managers were made redundant last year.

Devro engaged Charterhouse and brokers NatWest Wood Mackenzie in October to advise it on flotation.

Mr De Angeli stepped down as chairman and was replaced by Mr Leon Allen, formerly chairman and chief executive of Del Monte Foods International.

Mr De Angeli expects to lead the company through the flotation and says that he will stay "as long as the board want me."

Chinese selling pushes copper to 5½-year lows

By Kenneth Gooding, Mining Correspondent

COPPER PRICES plunged on the London Metal Exchange yesterday to the lowest level for 5½ years in US dollar terms as the Chinese liquidated more of their holdings.

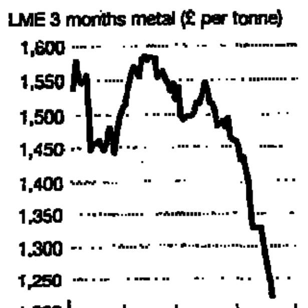
Copper for delivery in three months dropped to $1,830 a tonne at one point, $76 down from Monday's close, before an afternoon rally on the New York Commodity Exchange helped it recover to close in London at $1,870.

Traders suggested copper might fall by another $200 a tonne in the short term. Chart-followers also said that no substantial technical support for the price could be expected above 75 cents to 80 cents a lb. ($1,650 to $1,750 a tonne).

However, these prices were unlikely to spark serious output cuts, analysts said, particularly as the US producers, usually the first to react to low prices, had undertaken substantial hedging operations.

Copper

LME 3 months metal (£ per tonne)



Source: Datastream

Mr Nick Hatch, analyst at Ord Minnett, part of the Westpac banking group, pointed out that Phelps Dodge, biggest US copper producer, had "put" options on 475m lb – or 60 per cent of its outstanding production for this year – at 95 cents a lb; Cyprus Minerals had options on 620m lb (90 per cent of its 1993 output) at 94 cents; and Magma Copper had options on 511m lb at 95 cents – all this year's production.

Analysts pointed out that copper was much later than other metals in being caught in the cold wind of world recession.

Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, points out in his latest Metals Report that, stimulated by high prices, western world copper output reached a record 8.92m tonnes last year and "looks set to at least match that level in 1993".

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	+10,500	to 1,767,325
Copper	+3,100	to 372,700
Lead	+1,750	to 249,725
Nickel	+222	to 88,908
Zinc	+4,825	to 614,175
Tin	+160	to 19,810

Silver shortage 'will lift prices'

By Kenneth Gooding, Mining Correspondent

SILVER DEMAND is expected to outpace supply by about 100m troy ounces this year, according to Mr Dennis Wheeler, chairman of Coeur d'Alene Mines, a big US silver and gold producer. He suggested that in the long term this would push prices up from their present very depressed levels, "possibly starting this year, but certainly in 1994".

Mr Wheeler said the world's primary silver producers needed a price of $5 a troy ounce, with an expectation that it would rise to $6 or $7, to be viable. Last night silver closed in London at just over $3.91 an ounce.

Two mines in the Coeur d'Alene mining district of Idaho in which his company has an interest – the Coeur and the Galena silver mines – are at present temporarily shut down and on a care and maintenance basis. Mr Wheeler said their break-even production costs were about $4.50 an ounce but he would not estimate what silver price would be needed to bring them back into operation as they are leased to Asarco, another US group, which would make that decision.

Demand for silver has outstripped supply since 1990, according to the Silver Institute, a Washington-based producers' association of which Mr Wheeler is president. But huge stocks of the metal held by investors continue to weigh heavily on the price.

The institute estimated that there was a supply shortfall of 37m ounces in 1990 and one of 46.2m ounces the following year. At this time last year the institute was looking for the 1992 supply deficit to rise to about 53m ounces, representing a shortfall of 10.6 per cent on demand forecast to be 548.6m ounces. The organisation will be giving the results of its latest supply-demand survey next month.

Mr Wheeler, in London yesterday during a tour to give presentations to European investors, said that, while primary silver mines had been shutting down, demand for the metal by big users such as the photographic industry and jewellery producers was increasing by about 2 per cent a year.

EC expected to lift foot and mouth ban

By Lionel Barber in Brussels

THE EUROPEAN Community is expected today to agree to lift the one-month ban on imports of livestock and dairy products from Central and East Europe imposed after the discovery of foot-and-mouth disease in Italy.

The move would aim to defuse an embarrassing dispute with 18 central and eastern European countries, some of which denounced the original trade ban as a restoration of the Iron Curtain.

At a meeting in Strasbourg today, the European Commission is expected to endorse a recommendation made by veterinary experts yesterday to lift the ban, subject to stringent quality controls on meat and dairy exports to the EC.

One option under review is to impose a two-week quarantine on livestock entering the EC from central and eastern Europe.

The EC and Austrian ban on meat and dairy products imposed earlier this month provoked a furious protest from central and eastern Europeans who said there was no sign of foot-and-mouth disease in their animals. Bulgaria, Poland, Hungary and the Czech republic imposed tit-for-tat bans, while Slovakia barred the transit of EC livestock.

The former communist countries suggested the EC ban was an excuse to protect its own agricultural producers and reflected the community's own niggardly offers on market access for eastern European countries.

In response to the criticism, Mr Rene Steichen, EC farm commissioner, said the East's bans were politically motivated and unacceptable.

The scare began after foot-and-mouth was discovered in Italy and traced to Croatia, a transit point for goods and produce entering the EC.

Colombia plans to double oil and gas production

By Christina Lamb in Bogota

ECOPETROL, THE Colombian state oil company, is planning to double oil and gas production in the next six years.

To raise money for its ambitious programme the group will make its first ever Eurobond issue next month, according to Mr Juan Maria Rendon, company president.

The $120m issue is the first step in a campaign to raise international finance to increase oil production from 450,000 barrels a day to 800,000 b/d. The group hopes to raise another $150m this year through selling off assets such as three electricity generating plants and its share in the gas distributing company.

Mr Rendon said "it's a big change in strategy. Historically we have invested only $200m pa – now we plan to be a big investor". He said the company had taken the decision as a result of BP's Cusiana and Cupuagua finds, which doubled the country's reserves to 4bn barrels, and optimism about the Piedemonte field to their north. Under Colombian law once fields become commercial Ecopetrol has a half share in equity and development costs.

According to Mr Rendon the costs of developing the fields to produce 400,000 b/d will reach $4bn. Ecopetrol's ability to invest has been hampered by heavy losses last year, largely caused by the bombing of pipelines by left wing terrorist groups, which disrupted production so severely that exports were suspended.

Speaking of his plans to raise finance overseas, Mr Rendon said, "we've found the oil, we have the reserves and the production capability and Colombia's good history of always honouring its debts. Now we must learn to sell ourselves".

He said the most critical issue was the construction of new pipelines. Most of those in place at present are joint ventures between Ecopetrol and the oil distribution companies, but according to Mr Rendon: "Our priority is development of the field so we may be short of funds for pipelines in which case we will encourage the private sector to take a greater stake".

The private sector will also be asked to participate in the construction of several new gas pipelines to exploit reserves doubled by the new finds to between 7,000bn and 8,000bn cubic metres.

Fuelling Russia's drive for reform

Andrew Gowers talks to Moscow's newly-appointed energy minister

MR YURI Shafranik does not look like a man carrying the future prospects of Russian President Boris Yeltsin's economic reforms on his shoulders. Yet assuming that Mr Yeltsin survives this Sunday's constitutional referendum, the job Mr Shafranik has just inherited – that of minister for fuel and energy – will be as important as any other in the Russian government in determining whether Russia's shattered economy stands a chance of recovery.

The new minister, appointed in January after a six-month hiatus following the sacking of his predecessor, knows perfectly well what is at stake. In an interview yesterday, he agreed that reform was inseparable from the task of turning round the troubled energy sector, still Russia's most important industry and its largest source of hard currency earnings. "Oil", he said, "is the guarantee of reforms and of the resurrection of Russia. The poor situation in the industry is a big problem for reforms. Everyone understands this, including people in the west" – possibly an oblique reference to President Bill Clinton, who singled out energy projects for special assistance in the aid package he presented at his Vancouver summit with Mr Yeltsin.

To describe the industry's performance as poor is an understatement, as Mr Shafranik also has reason to know from his previous job as governor of Russia's main oil-producing region, Tyumen in Siberia. Although Russia remains the world's largest oil producer, output has been falling for more than three years; the oilfields are starved of investment and machinery; waste and neglect are endemic.

Nor is there any prospect of a rapid improvement. The minister expects output, which plunged by 61m tonnes in 1992, to continue falling more slowly this year (to 350m tonnes) and next before touching bottom in 1995 – when he warns Russia will be in danger of being unable to fulfil all its own energy needs.

Overseeing that turnround is only one of the challenges crowding Mr Shafranik's in-tray. Others include continuing the reorganisation of the oil industry into large joint-stock companies in preparation for eventual partial privatisation and addressing the chronic inefficiency of energy use, which has risen by 38 per cent per unit of industrial production in the last three years.

Yet another, hardly less intractable, challenge is to generate sorely needed foreign investment in the industry – whether in rehabilitating delapidated oilfields or exploring and exploiting new ones. Attractive as Russia ought to be to western oil majors, they have hardly begun to invest there on the necessary scale. One reason is the omnipresent political uncertainty. But as important a deterrent is the punitive tax regime with which the authorities have encumbered the industry over the past year. Energy experts in Moscow reckon that export taxes, royalties and other assorted levies add up to a tax take of 55 per cent on oil export revenue – before operating and transport costs. That is enough to wipe out any prospect of a return on investment in many cases.

The minister is refreshingly candid on the tax problem – and on his ability to solve it at a time of severe government budget deficits and spiralling demands for funds at national and local level. "You have to understand we are in a period of transition, when everything is changing," he says. "Certainly I am not satisfied with the tax policy we are pursuing. I try to influence it on my level."

Mr Shafranik says he is working on producing tax breaks for the industry and points to a decree issued in March providing incentives for opening new oil, coal and gas fields and repairing existing ones. More breaks should follow for refining and machinery manufacture.

This last is a priority area, since the collapse of the Soviet Union – in whose rulers' wisdom, 80 per cent of the country's oilfield equipment capacity was located in the now independent republic of Azerbaijan – deprived Russia of a vital industry. Mr Shafranik says the real need now is for investment in local manufacturing. "Foreign companies which want to sell machines to us but are not keen on joint production here in Russia will definitely lose," he warns. "If oil production goes down, we run short of hard currency and will not long be able to pay for machines. So companies which would not like to create manufacturing sites here will lose."

If that sounds ominously *dirigiste*, it is out of character. The energy minister is as ardent a marketeer as any member of Mr Yeltsin's cabinet. As governor of Tyumen, he lobbied vigorously for a liberalisation of Russian domestic energy prices on the argument that the region needed a fair rent for its resources. His views have not changed, although he now adds a note of caution. Cheap fuel, he says, is a drug, and Russia will take time to kick the habit – just as Russia now accepts that Ukraine, with which it was bitterly at odds over oil prices until a few weeks ago, will have to be allowed time to adjust to the free market.

Fuel prices are probably Mr Shafranik's hottest political potato. A close second, however, comes Russia's ailing coal mining sector, and here too he does not duck the issues. Yesterday he repeated his blunt warning that many mines in the Kuzbass region of Siberia, whose militant miners played a part in the ousting of Mikhail Gorbachev and could yet cause trouble for Mr Yelstin, were inefficient and would have to close. He coupled it, however, with an invitation to foreign investors. "Pits which have worked out their resources will be closed. And we will create the conditions for foreign investors to open new pits."

If only it – and the rest of Russia's struggle for reform – were so simple.

Losses threaten ferro-silicon operation

By Karen Fossli in Oslo

ELKEM, THE Norwegian light metals producer, warned yesterday that it might have to wind up production of ferro-silicon unless the division halved losses during 1993 and moved into profit in 1994. The warning was issued in an internal group publication by Mr Arnfinn Holaas, head of the ferro-silicon division.

"We must reduce the division's 1992 deficit by more than 50 per cent in 1993, and we must book a profit in 1994. If we can't do this, we must face the inevitability of winding up this segment of Elkem's operations," Mr Holaas said.

However, an Elkem official explained yesterday that the warning was too strong in a translation of the report from Norwegian into English. He said that what the company meant was that it might have to phase out various segments of the ferro-silicon division gradually unless goals were achieved and to this end the group was diligently continuing cost-cutting and efficiency improvement measures.

The group's annual ferro-silicon production capacity is 450,000 tonnes, but its present output is at about 70 per cent of that rate, compared with 65 per cent in 1992. The group claims to be the western world's largest producer of ferro-silicon, with this production comprising 19 per cent of group sales in 1992.

Last year Elkem's ferro-alloys division, which includes the ferro-silicon operations, reduced pre-tax losses to NKr422m (£40m) from NKr458m a year earlier, but sales fell to NKr4.066bn from NKr4.262bn. Group net losses rose to NKr616m in 1992 from NKr443m in 1991 while sales fell by NKr514m to NKr7.4bn.

Elkem said along with weak *ferro-silicon market prices*, there was distinct over-capacity in domestic production. The group has long been seeking co-ordination of production with a small domestic ferro-silicon producer which has so far refused to co-operate.

According to the Commodities Research Unit, ferro-silicon prices were 48 per cent below their 1988 peak at the beginning of this year, despite showing a small increase in 1992.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,640-1,700 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.30-2.40 (2.30-2.50).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.35-0.45 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 14.85-15.30 (15.00-15.50).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 120-140 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.20-2.25 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.70-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 31-43 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 1.50-1.60 (1.55-1.65).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 7.45 (same).

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD was fixed at a six-month high of $341.55 a troy ounce on the London bullion market yesterday morning, but failed to hold the early gain as waves of active selling emerged. Soon after Comex opened, a concerted push to try and breach resistance at $342.50 emerged, but it fell back quickly as operators turned to profit-taking. However, New York analysts said that improved speculative demand and physical offtake was continuing to support the market. New York raw **SUGAR** was ahead at midday as general uncertainty over tightening world supplies continued to underpin prices. The fundamentalist view of the market was not changed during the recent volatility, said one commission house analyst, referring to the steep sell-off after the mid-March rally to three-year highs. "They're all still very friendly toward it." London **COCOA** closed with small losses but above the day's lows. It was helped by a small recovery in New York after Monday's slide. But the rally could prove shortlived as further fund liquidation is seen emerging in the US market soon.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(May)		+ or -
Dubai	$16.34-6.38u	-0.03
Brent Blend (dated)	$18.49-8.52	+0.45
Brent Blend (Jun)	$18.81-8.84	+0.10
W.T.I (1 pm est)	$20.30-0.36u	-.015
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$207-210	
Gas Oil	$180-182	-2
Heavy Fuel Oil	$77-79	+0.5
Naphtha	$180-181	+0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$340.25	+0.60
Silver (per troy oz)♣	391.5c	+1.5
Platinum (per troy oz)	$371.10	-0.75
Palladium (per troy oz)	$114.50	+0.15
Copper (US Producer)	90.0c	-3.0
Lead (US Producer)	34.83c	+1.13
Tin (Kuala Lumpur market)	14.11r	-0.04
Tin (New York)	257.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	135.40p	+0.20*
Sheep (live weight)†♠	140.58p	-1.75*
Pigs (live weight)†	88.94p	-3.21*
London daily sugar (raw)	$268.8	+4.2
London daily sugar (white)	$295.0	+8.0
Tate and Lyle export price	£265.0	
Barley (English feed)	£145.5u	+0.5
Maize (US No. 3 yellow)	£167.0	
Wheat (US Dark Northern)	Unq	
Rubber (May)♥	58.00p	-0.25
Rubber (Jun)♥	58.50p	-0.25
Rubber (KL RSS No 1 May)	211.5m	
Coconut oil (Philippines)§	$410.0y	-2.5
Palm Oil (Malaysian)§	$387.5u	-2.5
Copra (Philippines)§	$265.0	-5.0
Soyabeans (US)	£175.0z	-0.5
Cotton "A" Index	61.75c	
Wooltops (64s Super)	353p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jun/Jul u-May. . z-Apr/May v-Jun ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May		-	
White	**Close**	**Previous**	**High/Low**
Aug	298.20	298.40	202.00 298.00
Oct	283.20	283.10	285.00 282.60
Dec	282.10	282.50	283.00 281.60
Mar	282.10	•	283.90 281.30
May	284.10	284.60	285.90

Turnover: Raw 0 (0) lots of 50 tonnes. White 903 (881) Paris- White (FFr per tonne): Aug 1630.70 Oct 1559.75

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Jun	18.84	18.72	18.85 18.72
Jul	18.83	18.76	18.84 18.74
Aug	18.90	18.85	18.90 18.83
Sep	18.96	18.92	18.96 18.90
Oct	19.00	18.97	19.00 18.93
Nov	18.99	19.04	18.99 18.98
Dec	19.03	19.04	19.03
IPE Index	18.77	18.86	

Turnover 14399 (20340)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
May	175.25	176.00	176.00 175.00
Jun	173.50	173.25	173.75 173.00
Jul	173.75	173.25	174.00 173.25
Aug	174.75	174.50	175.25 174.50
Sep	177.00	176.75	177.00 176.50
Oct	179.75	179.25	179.75 179.25
Nov	181.75	181.25	181.75 181.25
Dec	183.50	183.25	183.50 183.25

Turnover 1111 (5641) lots of 100 tonnes

JUTE

C and F Dundee: BTC $345, BWC $370, BTD $315, BWD $335. C and F Antwerp: BTC $330, BWC $330, BTD $305, BWD $305.

COTTON

Liverpool- Spot and shipment sales amounted to 164 tonnes for the week ended 16 April, against 88 tonnes in the previous week. Improved demand brought moderate purchases mainly in Gambian descriptions. C.I.S growths made some headways.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
May	672	675	675 667
Jul	685	688	688 680
Sep	699	700	701 693
Dec	719	719	719 711
Mar	738	738	739 735
May	752	753	753 748
Jul	766	766	765 761
Sep	779		778 775

Turnover: 9185 (6840) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 19 712.31 (730.55) 10 day average for Apr 20 717.59 (715.51)

COFFEE – London FOX ($/tonne)

	Close	Previous	High/Low
May	885	878	891 876
Jul	867	859	868 856
Sep	859	858	862 855
Nov	864	866	870 865
Jan	872	875	877 871
Mar	882	884	885

Turnover: 3842 (2650) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 19: Comp. daily 49.71 (50.59) 15 day average 50.93 (51.15)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	93.0	95.0	93.0 92.0

Turnover 12 (37) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Jun	137.50	138.50	137.60 137.50
Aug	138.50	140.00	138.50

Turnover 75 (50) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Apr	1517	1510	1517 1512
May	1495	1489	1500 1492
Jun	1397	1395	1399 1395
Jul	1280	1277	1280 1280
Oct	1385	1385	1390 1385
Jan	1405		1405
BFI	1499	1496	

Turnover 213 (172)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
May	144.75	144.40	145.05 144.65
Jun	145.75	145.50	146.10 145.76
Sep	107.75	107.75	107.75
Nov	109.75	109.80	109.90 109.75
May	118.40	118.40	118.50 118.40
Barley	**Close**	**Previous**	**High/Low**
May	140.50	140.25	140.50

Turnover: Wheat 308 (231), Barley 15 (8).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
May	113.5	114.0	113.5
Jun	110.0	110.0	109.8

Turnover7 (12) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 58,692 lots
Cash	1098-9	1095.5-6.5		1092.5-3		
3 months	1121-2	1118-9	1227/1115	1116.0-6.5	1127-8	160,072 lots
Copper, Grade A (£ per tonne)						Total daily turnover 90,093 lots
Cash	1196-7	1221-2	1223/1185	1171.5-2.0		
3 months	1218-8.5	1243-3.5	1895/1835	1193.5-4.0	1868-72	176,043 lots
Lead (£ per tonne)						Total daily turnover 8,540 lots
Cash	271-2	272-3	270.5	270.75-1.0		
3 months	281.5-1.75	282.5-3.0	282/280	280.5-0.75	281.5-2.0	21,117 lots
Nickel ($ per tonne)						Total daily turnover 13,904 lots
Cash	5865-75	5830-5	5862	5852-5		
3 months	5930-5	5895-900	5960/5880	5917-20	5938-50	49,087 lots
Tin ($ per tonne)						Total daily turnover 2,080 lots
Cash	5545-55	5550-60	5544	5542-3		
3 months	5605-10	5610-5	5620/5590	5605-7	5605-10	9,452 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 13,711 lots
Cash	1003.5-4.5	997-8	1002	1001-2		
3 months	1022.5-3.5	1016-7	1027/1016	1020-1	1023-4	67,513 lots

LME Closing £/$ rate:
SPOT: 1.5415 3 months: 1.5310 6 months: 1.5205 9 months: 1.5109

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	340.10-340.40	
Opening	340.60-340.90	
Morning fix	341.55	220.113
Afternoon fix	339.90	219.929
Day's high	342.35-342.65	
Day's low	339.70-340.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.64	6 months	2.41
2 months	2.60	12 months	2.40
3 months	2.51		

Silver fix	p/troy oz	US cts equiv
Spot	245.50	395.25
3 months	258.20	398.20
6 months	261.95	401.30
12 months	269.60	408.10

GOLD COINS

	$ price	£ equivalent
Krugerrand	340.50-343.50	219.00-221.00
Maple leaf	350.15-352.45	-
New Sovereign	81.00-84.00	52.00-54.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Aug	May	Aug
1075	34	63	3	9
1100	15	45	8	16
1125	4	31	22	27
Copper (Grade A)	**Calls**		**Puts**	
1800	67	116	30	57
1850	41	89	54	79
1900	23	67	85	107
Coffee	**May**	**Jul**	**May**	**Jul**
850	35	45	2	28
900	3	24	18	57
950	•	12	65	95
Cocoa	**May**	**Jul**	**May**	**Jul**
700	-	24	28	39
725	-	16	53	56
750	-	10	78	75
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1850	42	60	7	34
1900	17	34	18	-
1950	7	18	33	67

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	339.9	340.3	341.6	341.6
May	340.4	340.8	0	0
Jun	341.1	341.5	344.4	341.0
Aug	342.4	342.8	345.2	342.4
Oct	343.7	344.1	345.6	344.6
Dec	345.0	345.4	348.0	345.0
Feb	346.5	346.9	348.5	348.9
Apr	347.9	348.3	349.5	348.8
Jun	349.3	349.7	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	378.2	378.2	377.5	375.0
Jul	371.2	371.2	373.0	369.6
Oct	369.7	369.7	371.0	368.5
Jan	368.7	369.0	370.0	367.5
Apr	368.4	368.5	370.5	370.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	392.4	390.7	0	0
May	392.7	391.0	396.0	388.0
Jun	394.0	392.3	0	0
Jul	395.4	393.8	399.0	391.0
Sep	398.0	396.4	401.0	394.5
Dec	401.8	400.1	405.0	398.0
Jan	402.2	400.5	0	0
Mar	405.7	404.0	407.5	407.5
May	408.2	408.5	0	0
Jul	411.2	408.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	81.40	84.15	83.00	81.40
May	81.65	84.35	83.80	81.60
Jun	82.00	84.70	84.00	82.80
Jul	82.30	85.05	84.50	82.25
Aug	82.65	85.40	0	0
Sep	83.10	85.80	85.20	83.10
Oct	83.35	86.00	85.40	84.50
Nov	83.70	86.35	85.60	84.70
Dec	84.10	86.70	86.00	84.00
Jan	84.30	86.90	85.40	85.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	19.90	19.98	20.02	19.88
Jun	20.28	20.29	20.37	20.21
Jul	20.44	20.43	20.50	20.37
Aug	20.55	20.52	20.58	20.47
Sep	20.64	20.58	20.65	20.55
Oct	20.68	20.63	20.67	20.63
Nov	20.69	20.65	20.70	20.62
Dec	20.72	20.66	20.70	20.65
Jan	20.69	20.65	20.68	20.66
Feb	20.68	20.64	20.68	20.65

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	55.05	56.49	55.60	55.05
Jun	55.20	55.42	55.60	55.20
Jul	55.70	55.62	55.90	55.40
Aug	56.40	56.25	56.50	56.15
Sep	57.45	57.25	57.45	57.30
Oct	58.30	58.23	58.45	58.30
Nov	59.30	59.13	59.30	59.05
Dec	60.20	60.01	60.20	60.15
Jan	60.30	60.41	60.60	60.40
Feb	60.40	60.21	60.35	60.10

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	883	883	892	881
Jul	914	913	922	910
Sep	939	940	948	939
Dec	975	976	982	971
Mar	1007	1008	1015	1011
May	1033	1034	0	0
Jul	1056	1057	0	0
Sep	1078	1079	1076	1076
Dec	1108	1109	0	0
Mar	1130	0	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	53.35	52.80	54.30	52.60
Jul	55.15	54.50	56.10	54.50
Sep	57.00	56.30	57.90	56.40
Dec	59.95	59.30	60.70	59.30
Mar	62.75	62.05	63.25	61.80
May	64.15	63.40	64.00	64.00
Jul	65.85	65.00	0	0
Sep	67.50	66.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	10.95	10.89	11.23	10.95
Jul	11.67	11.56	11.84	11.60
Oct	11.60	11.43	11.62	11.45
Mar	10.78	10.61	10.80	10.64
May	10.73	10.51	10.74	10.63
Jul	10.76	10.55	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	62.67	63.43	63.35	62.60
Jul	62.79	63.56	63.60	62.75
Oct	62.56	63.08	63.25	62.52
Dec	61.65	62.20	62.30	61.60
Mar	62.60	63.17	0	0
May	63.30	64.23	64.00	63.30
Jul	63.90	64.40	0	0
Oct	63.65	64.15	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	89.50	89.25	90.45	88.20
Jul	92.90	92.35	93.75	91.80
Sep	96.00	95.45	96.80	94.50
Nov	98.20	97.60	98.60	96.80
Jan	100.65	99.50	101.00	99.40
Mar	102.15	101.80	102.25	101.20
May	102.15	101.80	0	0
Jul	102.15	101.80	0	0
Sep	102.15	101.80	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Apr.20	Apr 19	mnth ago	yr ago
1650.2	1657.8	1764.5	1602.1

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr.16	Apr 16	mnth ago	yr ago
Spot	121.29	124.91	125.51	115.83
Futures	125.08	121.94	132.51	118.63

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	590/4	588/0	591/0	588/2
Jul	593/2	591/2	593/6	590/6
Aug	594/6	593/4	595/2	592/6
Sep	596/0	594/2	596/2	593/2
Nov	599/2	598/6	600/6	597/0
Jan	605/4	605/4	606/4	603/4
Mar	612/0	612/4	614/0	610/4
May	615/4	616/4	616/0	614/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	21.10	21.10	21.18	20.96
Jul	21.36	21.34	21.45	21.22
Aug	21.46	21.44	21.55	21.35
Sep	21.56	21.54	21.65	21.48
Oct	21.65	21.64	21.73	21.57
Dec	21.89	21.88	21.94	21.74
Jan	21.90	21.91	22.00	21.83
Mar	22.12	22.12	22.13	22.00

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	184.9	183.6	185.0	184.0
Jul	186.4	185.2	186.5	185.3
Aug	187.1	186.1	187.2	186.2
Sep	188.0	187.0	188.0	186.9
Oct	188.4	187.4	188.4	187.5
Dec	190.4	189.3	190.5	189.5
Jan	190.8	189.3	191.0	190.0
Mar	191.4	190.6	191.8	190.7

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	231/2	229/4	231/4	230/2
Jul	237/4	235/0	237/6	236/0
Sep	242/0	240/2	242/2	241/0
Dec	247/6	245/6	248/0	247/0
Mar	254/2	252/4	254/2	253/4
May	257/6	256/0	257/6	257/4
Jul	260/6	259/4	261/0	260/0
Dec	252/4	250/0	253/0	251/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	358/6	361/2	361/6	357/4
Jul	311/4	310/4	312/2	311/0
Sep	314/4	313/6	315/4	314/0
Dec	324/0	323/4	325/2	323/4
Mar	329/0	328/0	329/6	329/0
Jul	317/0	316/6	317/0	317/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	81.475	81.650	81.975	81.400
Jun	75.225	75.475	75.650	75.200
Aug	72.775	72.825	73.000	72.750
Oct	73.850	73.850	74.000	73.800
Dec	74.200	74.125	74.250	74.075
Feb	73.600	73.500	73.900	73.500
Apr	74.850	74.700	74.900	74.600

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	46.150	46.100	46.600	46.050
Jun	52.125	52.225	52.575	51.900
Jul	51.175	51.125	51.550	50.925
Aug	48.600	48.750	48.950	48.400
Oct	43.225	43.200	43.500	43.000
Dec	44.275	44.350	44.650	44.150
Feb	44.525	44.550	44.650	44.500
Apr	43.450	43.500	0	43.300

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	46.100	47.175	47.550	45.800
Jul	47.050	48.100	48.650	46.850
Aug	44.750	45.600	46.350	44.600
Feb	41.975	42.050	42.800	41.850
Mar	41.300	41.275	42.000	41.300

LONDON STOCK EXCHANGE

Recovery buying sends market higher

By Steve Thompson

A LONDON market already gripped by "recovery fever" galloped ahead during late trading. It closed a whisker off the day's high as dealers picked up the scent of an imminent and big corporate deal or takeover bid. Those hints have fuelled much of the strong London buying in recent sessions.

The deal/bid stories grew in strength after a sudden and substantial upsurge in the Footsie future, which finished at a healthy premium to its estimated fair value.

Already boosted by growing optimism and further evidence about the pace of economic recovery in the UK, plus highly encouraging news on a rapid slowing in mortgage arrears and repossessions, the FT-SE 100 Index settled 26.1 up at 2,856.1, having moved smoothly through the 2,845 level.

Dealers were impressed at the rise in equities after the gilts market gave ground after a March public sector borrowing requirement of £9.5bn, well in excess of most estimates, which were around £8bn.

Equity trading got off to a brisk start, with the market driven higher principally by strong gains in the pharmaceuticals, stores and banks sectors. Drugs shares were helped by good first-quarter figures from Merck, the world's biggest pharmaceuticals company, announced overnight.

The impetus for the hefty gains in the banks, retailers and building-related sectors came from the latest evidence of UK recovery detailed in the Confederation of British Industry survey. The survey revealed that retail sales had risen on a year-on-year basis for the third consecutive month and were at their highest since November 1991.

The market now awaits confirmation of the upturn in retail sales when official figures for March are released on Friday. Thursday brings news of unemployment figures for March. Economists have forecast a sharp rise in unemployment during March of around 35,000 after the surprising 22,000 decline in February.

Buying by the big institutions was said to have been consistent throughout the session and ignoring the disappointing opening by Wall Street, which was hit early on by news of lower-than-forecast housing starts and was showing a loss of around 15 points as London closed.

The late burst of bid speculation encompassed numerous sectors. TSB raced up with the ever-present takeover stories accompanied by suggestions that the Hill Samuel merchant banking business, acquired for £777m on the eve of the great stock market crash in 1987, is about to be sold. In a building sector galvanised by recent news of increased house sales and yesterday's news from Abbey National of a sharp rise in mortgage lending and falling repossessions, Pilkington and Tarmac moved up strongly as talk of possible bid moves by MB Caradon revived. Abbey shares were among the Footsie's best performers after the encouraging agm statement. Bank shares generally outperformed although some industry specialists pointed out that the sector, at a 20-year relative high, was dangerously overbought and due a severe correction in the short term.

The 10 per cent decline in water shares over the past week triggered a strong rally in the sector, prompted by Kleinwort Benson and Panmure Gordon.

Market turnover of 543.4m shares was described as mildly disappointing.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group	8,100	69	+½
Abbey National	3,700	395	+17
Albert Fisher	764	71	+2
Allied-Lyons	1,600	569	+19
Amstrad	617	35½	+½
Anglian Water	1,400	521	+11
Argos	268	310	+2
Argyll Group	3,600	344	+6
Arjo Wiggins	2,300	184	+3
Ass. Brit. Foods	2,700	478	-1
Ass. Brit. Ports	338	362	
BAA	898	773	+5
BAT Inds	1,800	895	-6
BET	4,600	98½	+5½
BICC	1,000	346	+2
BOC	820	718	+4
BP	6,500	302	-1¼
BPB Inds	1,300	221	+10
BT	9,500	425	+7
BTR	2,900	617	+4
Bank of Scotland	4,500	131	+2½
Barclays	4,900	427	+13
Bass	1,300	563	+2
Beresford Int.	0	126	
Blue Circle	1,600	238	+1
Booker	424	377	+13
Boots	3,900	486	+11
Bowater	593	498	+6
Brit. Aerospace	5,500	299	+11
British Airways	2,700	283	-2
British Gas	9,500	304¼	-3½
British Land	554	256	-4
British Steel	6,000	92½	-3
Bunzl	1,700	132	+5
Burmah Castrol	104	719	+4
Burton	1,100	79½	
Cable & Wire	814	732	+5
Cadbury Schweppes	1,300	470	-2
Calor Group	11	255	
Carlton Comms	2,200	750	+13
Coats Viyella	1,000	244	-2
Comm. Union	391	618	-2
Cookson	589	205	+2

	Volume 000's	Closing Price	Day's change
Courtaulds	172	560	
Dalgety	288	437	+4
De La Rue	270	894	+5
Dixons	4,800	211	+13
Eastern Elect.	1,000	479½	+7½
East Midland Elec	1,100	468	+8
Eng China Clays	1,100	434	-5
Enterprise Oil	1,600	486	-1
Eurotunnel Units	125	434	-6
FKI	2,300	127½	+2½
Fisons	3,000	162	+5
Foreign & Col. I.T.	3,200	[illegible]	[illegible]
Forte	1,200	[illegible]	[illegible]
Gen. Accident	490	[illegible]	[illegible]
General Elect.	5,900	[illegible]	[illegible]
Glaxo	4,700	[illegible]	[illegible]
Glynwed Int.	980	[illegible]	[illegible]
Granada	3,000	[illegible]	[illegible]
Grand Met.	4,100	[illegible]	[illegible]
GUS A	752	[illegible]	[illegible]
GRE	1,300	[illegible]	[illegible]
GKN	1,400	[illegible]	[illegible]
Guinness	3,000	[illegible]	[illegible]
HSBC (75p shs)	2,800	[illegible]	[illegible]
Hammerson 'A'	950	[illegible]	[illegible]
Hanson	10,000	[illegible]	[illegible]
Hanson Warrants	1,300	[illegible]	[illegible]
Harrisons Crosfield	597	[illegible]	[illegible]
Hillsdown	2,400	[illegible]	[illegible]
IMI	3,400	[illegible]	[illegible]
ICI	1,300	[illegible]	[illegible]
Inchcape	730	[illegible]	[illegible]
Johnson Matthey	71	[illegible]	[illegible]
Kingfisher	1,500	[illegible]	[illegible]
Kwik Save	408	[illegible]	[illegible]
Ladbroke	1,700	[illegible]	[illegible]
Land Securities	857	[illegible]	[illegible]
Laporte	323	[illegible]	[illegible]
Legal & General	949	[illegible]	[illegible]
Lloyds Abbey	1,100	[illegible]	[illegible]
Lloyds Bank	2,800	[illegible]	[illegible]
LASMO	4,900	[illegible]	[illegible]
London Elect.	279	[illegible]	[illegible]

	Volume 000's	Closing Price	Day's change
Lonrho	1,100	84	+½
Lucas	3,100	132	-3
MB Caradon	1,400	297	-8
MEPC	601	381	-7
Manweb	142	532	+7
Marks & Spencer	5,300	354	+2
Midlands Elect.	853	497	+8
Morrison (Wm)	481	153	-1
NFC	1,300	248	-1
NatWest Bank	5,200	472	+11
National Power	1,600	342½	-½
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	1,200	125	
[illegible]	188	629	
[illegible]	5,600	259	+2
[illegible]	3,100	316	+7
[illegible]	776	172	
[illegible]	1,700	466	
[illegible]	1,100	462	+2
[illegible]	749	337	+1
[illegible]	773	316½	+2
[illegible]	3,400	105	+3
[illegible]	1,800	160	+6
[illegible]	166	506	+5
[illegible]	2,100	508	+12

	Volume 000's	Closing Price	Day's change
Shell Transport	3,100	580½	-½
Siebe	1,900	487	+7
Slough Ests	984	100	+1
Smith (W H) A	433	432	+10
Smith & Nephew	2,000	144	
SmKl Beecham	1,300	444	+12
SmKl Beecham Uts	2,600	388	+11
Smiths Inds	412	330	+4
Southern Elec	880	475	+7
South Wales Elec	253	540	+6
South West Water	561	541	+13
[illegible]	[illegible]	504	+3
[illegible]	[illegible]	529	+12
[illegible]	[illegible]	740	+17
[illegible]	[illegible]	138	+1
[illegible]	[illegible]	337	+8
[illegible]	[illegible]	172	
[illegible]	[illegible]	298	+4
[illegible]	[illegible]	187	+7
[illegible]	[illegible]	140	+7
[illegible]	[illegible]	413	-2
[illegible]	[illegible]	103	+1½
[illegible]	[illegible]	281½	+4½
[illegible]	[illegible]	528	+8
[illegible]	[illegible]	895	+3½
[illegible]	[illegible]	247	+3
[illegible]	[illegible]	89	+2
[illegible]	[illegible]	362	+3
[illegible]	[illegible]	1130	+7
[illegible]	[illegible]	386	-4
Utd. Newspapers	738	596	+8
Vodafone	1,600	390	-6
Warburg (SG)	54	664	-2
Wellcome	1,500	734	+32
Welsh Water	180	587	+11
Wessex Water	96	639	+15
Whitbread 'A'	874	451	-1
Williams Hldgs	1,600	321	+4
Willis Corroon	892	185	
Wimpey	407	158	+4
Wolseley	755	590	+4
Yorkshire Elect.	145	537	+5
Yorkshire Water	481	563	+12

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:	Mar 29	Apr 19	May 10
Option Declarations:	Apr 15	May 6	May 20
Last Dealings:	Apr 16	May 7	May 21
Account Day:	Apr 26	May 17	Jun 1

*New time dealings may take place from 8.30am two business days earlier.

Abbey up on market optimism

THE LONDON stock market's current thirst for good news prompted a rise in Abbey National shares that surprised even the bank's supporters.

Analysts agreed that Abbey's annual meeting statement was a mixed bag. Progress in the UK was encouraging, although it reflected volume growth rather than a general upturn in the housing market. The bank also highlighted problems with European debt, saying it would remain at least at 1992 levels. Nevertheless, the shares jumped 17 to 395p on turnover of 3.7m.

Mr John Wriglesworth at UBS said: "Such is the desire for optimism that the market is totally happy to ignore the bad news in the statement." His forecast for 1993 remains at £630m, at the low end of the range of estimates. Also, S.G. Warburg, the company broker, remains a buyer, but was nevertheless said to be slightly surprised at the level of market enthusiasm. The house has maintained its £650m forecast.

Utilities wanted

A switch in sentiment in the water and electricity sectors sent shares in both racing forward. Panmure Gordon was one of a number of brokers seeking to take advantage of the sectors' recent underperformance.

Analyst Mr Angelos Anastasiou said the run-up to the results in a month's time will begin to anticipate the expected good results and dividend rises to be reported in the season. He believes both sectors will outperform the market in this period.

Kleinwort Benson was another house to switch its "take profits" advice to a buy on the water stocks. Among these, Southern forged ahead 12 to 529p, Wessex 15 to 628p and South West 13 to 541p. In the electricity group, Yorkshire added 5 at 527p, Norweb 8 at 526p and Manweb 7 at 532p.

Hammerson falls

Results as bad as feared, including a dividend cut, sent shares in Hammerson, the UK's fifth largest property group, tumbling 19 to 301p. The scale of the fall also represented speculators moving out of the stock as the depth of Hammerson's problems were thought to put paid to any potential bidder.

Analysts expressed fears over the group's disposals strategy which aims to bring down the gearing level of 114 per cent, with some advocating a rights issue. "The answer is not to sell quality assets at the worst possible time," said Mr Graham Stanley at NatWest Securities, adding that a cash call would restore market faith in Hammerson's ability to turn the situation around.

Hammerson's concerns pulled down the other leading property stocks. Land Securities receded 5 to 530p, MEPC 7 to 381p and British Land, often tipped as a Hammerson predator, 4 to 256p.

The publication of two sets of US stakeholdings told a seemingly incongruous story yesterday. The US holding of British Petroleum shares officially topped 25 per cent for the first time and BP's UK share price slipped 1¼ to 302p. In contrast, the holding of American Depositary Receipts in Wellcome eased to 4.9 per cent and the UK share price jumped 32 to 734p.

Some dealers were saying that US investors who have been responsible for driving the BP share price higher are finally beginning to be sated.

On the other hand, there was a tentative feeling that US pessimism over the pharmaceuticals sector may have hit the bottom. A clutch of US first-quarter results on Monday were no better than in line with forecasts and yet share prices leaped sharply.

Wellcome had been held back by a large line of stock washing around the market and saw a spectacular recovery. However, the other UK leaders also gained, Glaxo rising 17 to 580p while SmithKline Beecham, helped by well received first-quarter results, was lifted 12 to 444p.

International drinks stocks were firm, with Allied-Lyons further buoyed by old talk that it would merge its Victoria Wine off-licence chain with Augustus Barnet, owned by Bass. A merger would create a business with sales of around £120m and have some commercial benefits, according to analysts. Allied surged 19 to 569p and Bass added 2 at 563p.

Rank Organisation was the best performing leisure stock, dealers pointing out that the stock had been left behind in the recovery euphoria. Optimism was also being expressed that the group would be announcing a more positive trading picture when it meets with analysts next month. The shares gained 22 to 698p.

Banks were stronger as the economic recovery story tightened its grip on the market's imagination. Barclays rose 13 to 427p, National Westminster climbed 11 to 472p and Standard Chartered, still reacting to buying by BZW in a tight market, appreciated a further 17 to 740p.

Recovery momentum sent building and construction shares sharply forward, making both sectors the best performers in the market.

Among building materials groups, RMC Group surged 12 to 661p and Tarmac 7 to 140p. In contractors and construction, AMEC gained 4 to 86p, Avonside Group 13 to 133p, Berkeley Group 6 to 402p, Bryant Group 6 to 136p and J Laing 14 to 252p.

Stores also caught the mood, following on from the CBI distributive trades survey. W.H. Smith gained 10 at 432p, Kleinwort Benson among those said to be positive. Kingfisher rose 5 to 592p, BZW recommending the stock. Hoare Govett was aiding Dixons' rise, arguing that US trading fears had been overdone. The shares put on 13 at 211p.

Confident presentations as part of a US roadshow helped Lasmo improve 5 to 151p. British Gas fell 3½ to 304¼ as one securities house voiced concern over the cost of the company's involvement in a Colombian project. Clyde Petroleum recovered 1¼ to 46¼p as the rights issue was 93 per cent taken up.

The rise of Mirror Group Newspapers continued as S.G. Warburg reiterated its strong buy recommendation arguing that the company would be fairly valued when the shares hit 155p. Warburg believes that earnings per share will double to 10.9p and yet the company's prospective price/earnings ratio is at a discount to the market. Mirror Group added a penny at 138p.

Advertising and marketing services concern WPP was firmer and heavily traded after a presentation by the company to analysts and institutions in the US on Monday. The shares closed 6 higher higher at 66p with turnover hitting 10m.

Printing group St Ives fell 6 to 337p after announcing that it had been held back by recession in the six months to end January and that some of its markets had deteriorated.

Speculation that MB-Caradon was about to hit the acquisition trail left the shares 8 off at 297p. English China Clays cut its earlier losses to close a net 5 lighter at 434p, after James Capel weighed in with the a profits downgrading. The agency broker is believed to have reduced its 1993 forecast by 11.7 per cent to £83m and the following year's figure by 8.2 per cent to £100m.

In aerospace, SG Warburg published a cautious review on the sector in which it suggested that aircraft delivery in the year 1994 and 1995 will be between 10 and 15 per cent below its previous forecast. TI Group reacted to the report by initially falling 4 to 291p, but later benefited from the strong market trend and finished 4 better at 299p.

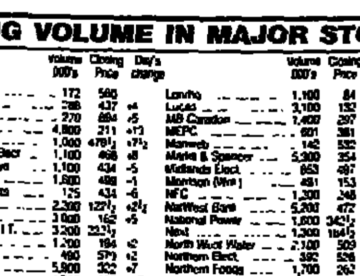
Bargain hunters helped Smiths Industries advance 4 to 330p, ahead of today's interim figures. The shares have been one of the weak features in the aerospace sector having underperformed the market by 16 per cent over the last three months. Strauss Turnbull expects profits to come in at £40m, against last year's figure of £44m.

Fears of greater competition from US carriers hurt British Airways leaving the shares 2 lighter at 283p.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Christopher Price.

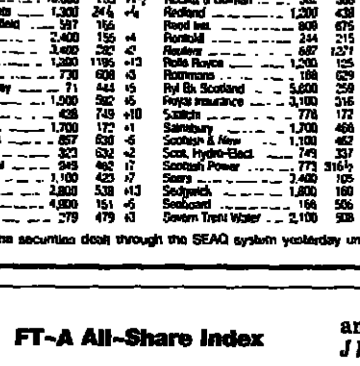
■ Other market statistics, Page 30

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (125). [illegible] Decora, Gillette, CONTG & CONSTRCN (1) BB & EA, ELECTRICALS (1) Maddox, ELECTRONICS (3) Indl. Control Servs., Multitone, ENG GEN (1) Bullough, FOOD MANUF (1) Sims, FOOD RETAILING (2) Low (Wm), Thorntons, HEALTH & HSEHOLD (6) Bespak, Community Hosps., ML Labs., Reckitt & Colman, UniChem, INSCE BROKERS (1) Heath (CE), INSCE COMPOSITE (1) FAI, INV TRUSTS (3) Gartmore Scotland Units, Kleinwort Dvlpt. Fund, Spanish Smlr. Wts., MTL & MTL FORMING (1) Saville Gordon, MISC (1) Applied Holographics, OTHER INDLS (1) English China Clays, PACKG, PAPER & PRNTG (1) MR Data Mngmt., PROP (1) Harting Baker Harris, STORES (2) Owen & Robinson, T & S, TELE NETWORKS (1) Nth. Telecom, TEXTS (1) Lyles (S).

FINANCIAL TIMES EQUITY INDICES

	April 20	April 19	April 16	April 15	April 14	Year ago	*High	*Low
Ordinary share	2224.9	2208.6	2202.4	2205.8	2199.2	2047.6	2239.5	2124.7
Ord. div yield	4.15	4.18	4.19	4.18	4.21	4.46	4.52	4.15
Earning yld % full	6.25	6.30	6.32	6.30	6.31	6.29	6.35	5.79
P/E ratio net	19.85	19.71	19.64	19.71	19.57	19.72	22.01	19.57
P/E ratio nil	18.54	18.41	18.34	18.41	18.37	18.39	20.30	18.25
Gold Mines	121.5	112.1	112.0	109.6	111.5	112.5	134.5	66.0

*for 1993. Ordinary share index since compilation: high 2239.5 [illegible] Gold Mines index since compilation high: 734.7 15/2/83- low [illegible] Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2208.7	2212.2	2218.3	2215.2	2218.6	2219.2	2214.6	2214.9	2223.1	2224.9	2208.7

Volume	April 20	April 19	April 16	April 15	April 14	Year ago
SEAQ Bargains	27,514	28,287	32,516	30,382	26,830	34,536
Equity Turnover(£m)†	-	1081.9	1192.2	1298.3	1414.7	867.9
Equity Bargains†	-	32,480	37,858	32,235	31,169	30,359
Shares traded (mil)†	-	515.5	539.4	547.9	738.3	381.3

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

INCREASED talk of recovery and the positive monthly CBI distributive trends survey led to a squeeze in stock index futures, sending the June contract on the FT-SE 100 Index sharply ahead, writes Joel Kibazo.

The first trade in the June contract was struck at 2,844, just below the previous night's close, and it found buyers from the outset which sent it advancing to 2,855 by midday, ignoring the worse than expected PSBR figures.

The lunchtime period was marked by a bout of sideways trading and light profit-taking, and the poor opening on Wall Street made no significant impact.

A squeeze developed in the last hour of trading, pulling the underlying cash market higher, and June finished at the day's best level of 2,873, up 28 from the previous close and around 11 points above its estimated fair value premium to cash of about 8. Volume improved to 7,172 lots.

The traded options also saw an improvement in turnover, with a total of 27,267 contracts traded. The FT-SE 100 option was particularly busy, trading 13,730 lots, and the Euro FT-SE option traded 2,714.

Among the stock options, Tesco was the most active with a total 1,136 dealt and the August 200 calls the busiest series. It was followed by Asda at 1,006 lots and Barclays at 709. Also active were GEC and GKN.

FT-SE Actuaries Share Indices

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2856.1 +26.1	3097.5 +23.1	1399.20 +11.77

	Apr 20	Day's change %	Apr 19	Apr 16	Apr 15	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2856.1	+0.9	2830.0	2824.4	2839.7	2607.8	6.37	3.99	20.01	36.73
FT-SE Mid 250	3097.5	+0.6	3074.4	3072.3	3085.9	2654.2	6.59	3.76	19.16	31.93
FT-SE-A 350	1415.8	+0.9	1403.4	1401.0	1408.3	1275.4	6.42	3.94	19.81	17.42
FT-SE SmallCap	1552.23	+0.4	1546.18	1545.81	1547.94	-	4.75	3.67	30.29	15.62
FT-SE SmallCap ex Inv Trusts	1559.27	+0.5	1552.03	1551.56	1553.73	-	5.27	3.90	28.21	16.17
FT-A ALL-SHARE	1399.20	+0.8	1387.43	1386.07	1392.08	1258.58	6.32	3.92	20.23	17.02
1 CAPITAL GOODS(213)	963.86	+1.0	954.28	955.52	956.37	864.89	5.56	3.99	23.60	13.63
2 Building Materials(27)	1007.85	+2.0	988.03	994.32	987.96	1086.78	5.14	4.64	27.60	16.49
3 Contracting, Construction(29)	909.61	+2.6	886.49	888.54	887.20	998.32	2.86	3.64	80.00†	9.95
4 Electricals(15)	2710.85	+1.2	2678.35	2722.94	2679.52	2604.65	5.52	4.98	23.06	65.13
5 Electronics(37)	2880.97	+1.4	2844.97	2865.37	2692.70	1874.44	5.91	2.98	21.39	18.34
6 Engineering-Aerospace(7)	352.77	+1.4	347.96	341.65	342.52	378.84	5.82	4.07	22.80	3.60
7 Engineering-General(51)	549.48	+0.5	546.62	548.63	550.15	524.89	7.00	3.66	18.16	7.00
8 Metals & Metal Forming(11)	399.21	-1.2	404.13	402.52	394.56	351.86	4.35	3.08	33.44	0.66
9 Motors(18)	389.69	-0.3	390.98	390.90	388.03	350.49	5.26	5.66	27.19	9.47
10 Other Industrials(18)	2090.18	+0.7	2075.56	2066.97	2078.43	1747.22	5.67	3.93	21.66	36.77
21 CONSUMER GROUP(234)	1840.44	+1.2	1829.56	1832.24	1840.63	1685.33	6.97	3.42	17.58	17.03
22 Brewers and Distillers(29)	1946.80	+0.8	1930.81	1943.92	1952.20	2097.09	8.27	3.71	14.79	20.00
25 Food Manufacturing(22)	1368.55	+0.3	1364.05	1373.12	1382.77	1280.57	7.44	3.69	16.99	21.23
26 Food Retailing(18)	2983.71	+1.1	2952.08	2966.80	3004.17	2857.59	8.59	3.36	15.14	16.46
27 Health & Household(29)	3409.80	+2.7	3321.21	3293.87	3311.37	4119.36	6.67	3.32	17.36	32.64
29 Hotels and Leisure(20)	1282.13	+1.0	1269.18	1301.94	1295.60	1398.28	5.61	4.57	24.31	25.07
30 Media(33)	1890.38	+0.4	1882.46	1887.57	1898.29	1596.66	5.34	2.71	23.12	22.13
31 Packaging and Paper(24)	861.07	+0.9	853.57	853.18	854.24	801.86	6.18	3.39	19.91	9.37
34 Stores(39)	1166.85	+1.4	1151.24	1143.70	1149.60	1096.20	6.22	2.98	21.27	6.96
35 Textiles(20)	803.18	-0.3	805.62	802.30	798.42	733.73	6.34	3.81	20.06	10.78
40 OTHER GROUPS(142)	1489.75	+0.7	1479.97	1472.11	1486.82	1284.48	8.23	4.21	14.96	16.00
41 Business Services(27)	1631.56	+0.7	1619.99	1614.60	1624.13	1395.99	5.50	3.08	22.45	12.73
42 Chemicals(23)	1481.85	+0.7	1472.22	1472.10	1484.06	1573.95	6.08	4.65	20.74	24.53
43 Conglomerates(11)	1421.25	+0.6	1413.24	1418.66	1411.06	1420.93	7.41	5.29	15.24	13.55
44 Transport(16)	2839.26	-0.1	2840.72	2850.94	2872.50	2588.15	7.64	3.96	15.79	42.36
45 Electricity(16)	1745.42	+0.6	1734.54	1720.76	1733.76	1276.13	12.41	4.12	10.35	29.90
46 Telephone Networks(4)	1743.37	+1.1	1723.88	1701.78	1736.18	1401.46	7.55	3.68	17.25	1.63
47 Water(13)	3546.81	+2.1	3473.84	3439.68	3505.48	2750.82	12.73	4.69	8.73	11.83
48 Miscellaneous(32)	2318.59	-0.4	2328.28	2313.90	2332.39	1967.84	6.98	4.38	17.87	41.41
49 INDUSTRIAL GROUP(589)	1436.00	+1.0	1422.01	1430.82	1429.34	1354.10	7.14	3.80	17.52	16.09
51 Oil & Gas(19)	2453.32	-0.4	2462.30	2484.72	2458.19	2093.86	5.96	4.72	21.39	27.46
59 "500" SHARE INDEX(607)	1526.47	+0.8	1513.84	1512.88	1520.50	1424.42	7.01	3.90	17.87	17.11
61 FINANCIAL GROUP(88)	1001.17	+1.1	990.40	987.53	988.30	725.90	3.32	4.23	53.25	18.17
62 Banks(9)	1379.83	+1.9	1353.76	1344.18	1340.78	919.98	4.67	3.90	31.48	26.94
65 Insurance (Life)(6)	2029.18	+0.1	2026.34	2020.40	2032.39	1452.52	2.50	4.40	69.61	47.49
66 Insurance (Composite)(7)	653.84	+0.7	649.01	651.40	658.67	481.37	‡	4.74	‡	15.60
67 Insurance Brokers(10)	774.52	+0.9	767.92	778.41	784.94	936.81	7.40	5.06	18.16	11.10
68 Merchant Banks(6)	636.71	----	636.89	641.23	637.01	491.15	7.20	3.45	17.80	4.71
69 Property(28)	772.52	-1.1	781.01	782.14	782.53	665.78	6.15	5.13	21.99	4.02
70 Other Financial(23)	354.77	+0.3	353.78	353.85	353.34	246.92	6.51	4.62	20.08	3.28
71 Investment Trusts(108)	1450.11	----	1449.63	1448.34	1452.26	1211.63	2.28	2.82	43.91	12.37
99 FT-A ALL-SHARE(804)	1399.20	+0.8	1387.43	1386.07	1392.08	1258.58	6.32	3.92	20.23	17.02

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2830.0	2837.6	2848.2	2844.8	2850.2	2850.1	2844.2	2844.6	2854.6	2856.2	2830.0
FT-SE Mid 250	3073.9	3077.5	3083.5	3083.6	3088.6	3090.9	3091.8	3091.5	3095.9	3097.5	3073.8
FT-SE-A 350	1403.3	1405.6	1411.3	1410.0	1412.6	1412.8	1410.6	1410.7	1415.1	1415.8	1403.3

Time of FT-SE 100 high: 16:27 ; low: 09:30

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	Change
Constrcn	1738.3	1740.4	1744.6	1746.9	1749.0	1752.1	1758.2	1759.9	1772.4	1779.3	1737.0	+42.3
Health&H	1008.6	1011.8	1017.7	1016.6	1018.6	1019.6	1015.7	1016.8	1023.9	1025.0	998.3	+26.7
Water	1435.2	1445.6	1453.0	1461.4	1465.2	1465.7	1468.2	1462.9	1465.1	1465.3	1434.6	+30.7
Banks	1648.8	1644.5	1653.5	1652.9	1664.2	1665.9	1667.5	1664.6	1676.5	1678.7	1644.6	+32.1

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. [illegible] The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries [illegible] © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. © The Financial Times Limited 1993. All rights reserved. "FT-SE" and "Footsie" are joint trade marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. CONSTITUENT CHANGE: DELETION: Queens Moat Houses' (77).

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 12½pc 1993‡‡	101⅛	----	103⅛	101⅛	12.31	[illegible]
Funding 6pc 1993‡‡	100¼	----	100¼	99⅞	6.00	[illegible]
Treas 13¾pc 1993‡‡	104½xd	----	108⅛	104½	13.16	[illegible]
8¼pc 1994	101⅞	----	102⅞	101⅞	8.34	[illegible]
14½pc 1994‡‡	107⅛	----	109¼	106⅝	13.55	[illegible]
Exch 13½pc 1994	107⅜xd	----	109⅜	107⅜	12.58	[illegible]
Treas 10pc Ln 1994‡‡	104⅛	----	105⅞	104⅛	9.60	[illegible]
Exch 12½pc 1994	108	+⅛	110⅜	107⅞	11.57	[illegible]
Treas 9pc 1994‡‡	104xd	----	105⅞	103⅞	8.69	[illegible]
12pc 1995	109⅛	----	111⅞	109⅛	11.00	[illegible]
Exch 3pc Gas 90-95	96¼xd	----	96¼	94	3.12	[illegible]
10¼pc 1995	107⅞	----	109⅞	107⅛	9.52	[illegible]
Treas 12¾pc 1995‡‡	114⅞xd	----	116⅜	114⅞	11.16	[illegible]
14pc 1996	117⅞	+⅛	120⅝	117⅞	11.87	[illegible]
15¼pc 1996‡‡	122⅞xd	+⅛	125⅝	122½	12.44	[illegible]
Exch 13¼pc 1996‡‡	117⅞xd	+⅛	120⅛	116⅞	11.29	[illegible]
Conversion 10pc 1996	109¼xd	+⅛	111½	109	9.11	[illegible]
Treas 13¼pc 1997‡‡	120⅛	+⅛	122⅞	119⅛	11.04	[illegible]
Exch 10½pc 1997	111½	+⅛	113⅝	110⅞	9.42	[illegible]
Treas 8¾pc 1997‡‡	106⅞	+⅛	108⅞	105½	8.22	[illegible]
Exch 15pc 1997	129⅞xd	+⅛	132⅞	128⅞	11.58	[illegible]
9¾pc 1998	110⅞	+⅛	112⅝	109⅞	8.84	[illegible]
Five to Fifteen Years						
Treas 7¼pc 1998‡‡	101⅛	+⅛	103¼	99⅞	7.18	[illegible]
Treas 6¾pc 1995-98‡‡	98⅝xd	+⅛	101	97⅞	6.76	[illegible]
15½pc '98‡‡	135⅞	+⅛	138⅞	134⅞	11.43	[illegible]
Exch 12pc 1998	119⅞xd	+⅛	122⅝	118⅞	10.01	[illegible]
Treas 9½pc 1999‡‡	109⅞	+⅛	112½	108⅞	8.65	[illegible]
Exch 12¼pc 1999	121⅞	+⅛	124⅞	120⅞	10.05	[illegible]
Treas 10½pc 1999	114⅞xd	+⅛	117⅞	113¼	9.18	[illegible]
Conversion 10¼pc 1999	114¼xd	+⅛	117⅞	112⅞	8.98	[illegible]
9pc 2000‡‡	108⅛	-⅛	110⅞	106	8.32	[illegible]
Treas 13pc 2000	128	-⅛	131	125½	10.18	[illegible]
10pc 2001	112¼	-⅛	115⅞	109⅞	8.87	[illegible]
14pc '98-1	128⅞xd	-⅛	129⅝	125⅞	11.05	[illegible]
9¾pc 2002	111⅞	-⅛	114⅞	108⅞	8.72	[illegible]
8pc 2003‡‡	101⅛	-⅛	103⅞	97⅞	7.82	[illegible]
10pc 2003	113⅞	-⅛	116⅞	109⅞	8.80	[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B'ham 11½pc 2012	119	----	123	114	9.66	9.37
Ireland Cap 8½pc '10	104½	----	104½	95	8.13	-
9pc Cap 1998	103¾	----	103¾	97½	8.67	-
13pc '97-2	116½	-½	117	110	11.16	-
Hydro Quebec 15pc 2011	144⅞	----	145⅞	139⅞	10.39	9.72
Leeds 13½pc 2006	132½	----	135¼	128	10.19	9.23
Liverpool 3½pc Irred	36	----	37	34	9.72	-
LCC 3pc '20 Aft	32	----	32¼	30½	9.38	-
Manchester 11½pc 2007	117¾	----	128¼	114	9.77	9.28
Met. Wtr. 3pc 'B'	66¾	----	68	63¼	4.49	7.88
N'wide Anglia 3⅝pc 2021	128¼	----	128¼	117½	-	4.59
4⅛pc IL 2024	123½	----	124½	115½	-	4.47
Utd Mex States 16½pc 2008	138¼	----	138	132¼	12.11	11.78

Continued on next page

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap £m	Yld Gr's
Abbott Labs		16 13/16xd	+7/16	20 1/2	15 13/16	14,175	2.8
Allegheny & W	♥	509p	-19	571p	399p	264.5	4.1
Amdahl		375p	—	591p	375p	421.1	1.8
Amer Cyanamid		33 1/2	+1/8	38 5/8	31 1/4	3,020	3.4
Amer Express		18 1/2xd	-1/2	19 1/2	14 7/8	8,843	3.6
Amer T & T		38 3/4xd	-1/4	40 7/8	33 1/8	51,284	2.4
Ameritech		51 1/4	-1/8	52 3/4	46	22,439	4.9
BankAmerica		33 3/4xd	-1 1/16	38 1/4	28 3/4	11,684	2.9
Bankers NY		49 5/8xd	-1 1/16	51 1/4	42 5/8	4,003	4.3
Bell Atlantic		35 1/4	-1/8	39 1/8	32 1/4	15,260	5.2
BellSouth		36 7/8	—	39 7/8	33 1/2	18,216	5.2
Bethlehem Steel	♥	11 3/4xd	+1/16	13 1/4	10	1,023	—
Bowater		1487pxd	+4	1682p	1395p	638.8	1.9
CPC		26 7/8xd	-5/8	34 5/8	26 7/8	4,670	3.3
Cadiz Land Inc	♥	65p	-6	115p	65p	-	-
California Engy		1383p	—	1479p	1086p	283.6	-
Chase Manhattan		22 3/4xd	-1 13/16	24 1/2	17 7/8	3,482	3.7
Chrysler		27 1/4xd	-1 1/8	28 7/8	21 1/4	7,979	1.5
Citicorp		18 7/8xd	-1/8	20 1/16	13 7/16	6,889	-
Colgate-Palm		37 5/16xd	-1 3/16	49 5/8	35 1/4	5,977	2.3
Comm'l Bank		1681p	-38	1877p	1278p	1,868	2.5
Dana		31 13/16xd	+1/2	34 1/4	29 13/16	1,465	3.4
Data General		671p	-13	951p	671p	185.2	-
Decora Inds	♥	108p	-13	146p	109p	-	-
Dun & Brad		38 1/4	—	42 1/8	37 1/4	6,815	4.1
Eaton		69 5/8	+5/8	69 5/8	50 5/8	2,067	2.6
Echlin		16 3/4xd	-1/16	18 7/8	15 1/4	949.2	2.9
FPL		24 1/4xd	-1/2	27 7/8	23 1/4	4,428	7.0
Ford Motor		39	-1 1/16	38 1/2	28 1/4	17,084	2.0
Gen Elect		61 3/8xd	-1/2	62 1/2	53 7/8	52,416	2.8
General Host	♥	593p	—	723p	573p	-	4.1
Gillette		31 5/8xd	-1/2	42 5/8	31 5/8	6,949	1.6
Hasbro		20 7/8	—	20 7/8	20 7/8	1,815	0.8
Honeywell		21 1/4xd	-5/8	24 1/2	20 1/2	2,921	2.9
Houston Inds		30 7/8	-1/2	33 1/4	29 1/4	3,998	6.7
IBM		32 1/8	+1/8	39 1/4	29 5/8	18,329	4.6
Ingersoll-Rand		20 5/8xd	—	25	19 1/2	2,164	2.3
Lockheed		41 1/4	-1/4	42 5/8	35 1/8	2,561	3.5
Lowe's	h	1891p	-89	2338p	1573p	1,379	1.0
Merrill Lynch		48 3/8xd	-1 1/8	50 1/2	37	5,098	1.7
Morgan (JP)		47 1/4xd	-1 1/4	48 1/2	38 1/4	9,033	3.5
Morris (Philip)		31 5/8xd	-1/2	52 5/8	30 1/2	28,090	3.8
NYNEX		57 1/2	-1/8	64 1/8	54 1/4	11,858	5.6
Pall		13 1/4xd	+1/8	15	11	1,534	1.7
Pennzoil		39 3/4xd	-1/16	49 1/4	31 1/2	1,606	5.2
Quaker Oats		40 1/4xd	-1 1/16	48 1/8	40 1/2	2,824	3.3
Rockwell		21 1/4xd	-1 1/16	22 1/2	18 1/2	4,778	2.9
Rep NY		33 1/4xd	-1/8	37 1/4	30 1/8	1,756	2.2
Sears, Roebuck		34 1/2xd	-1/2	37 1/2	29 1/2	11,804	3.2
Sthwestern Bell		52 1/2	—	52 1/2	46 1/4	15,731	3.8
Sun Co		15 1/8xd	-1/8	21 1/8	14 1/4	1,634	8.1
Tenneco		31 1/2xd	-1/8	33 1/4	25 1/2	4,080	3.5
Texaco		41 1/4	-7/8	44 1/4	37 1/2	10,721	5.3
Time Warner	h	22 1/4xd	-1/4	25 1/2	18 5/8	8,289	0.9
UniLab	♥	372p	+14	490p	358p	168.4	-
US West		28 5/8	+1/8	30 1/4	24 1/2	11,730	5.2
Varity		2198p	+6	2260p	1688p	684.7	-
Waste Manage		21 3/8xd	-1/2	27 1/4	19 1/4	10,452	1.7
Whirlpool		3516pxd	-78	3720p	2824p	2,457	2.2
Woolworth	♥	19 1/2	-1/16	21 1/2	18 1/2	2,557	4.0

CANADIANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap £m	Yld Gr's
Abbot Energy	♥	2p	—	2p	3p	-	-
Amer Barrick		1224p	+19	1236p	890 1/2p	3,477	0.7
Bk Montreal	h	12 1/4	-1/8	13 1/4	11 1/4	3,188	4.8
Bk Nova Scot		1305p	-19	1428p	1111p	2,690	4.7
BC Gas	♥	764p	—	847p	723p	-	4.3
BCE		22 7/8	—	26 1/8	20 5/8	7,806	6.3
Brascan	♥	613p	—	721p	454p	423.1	11.6
Breakwater	♥	11p	-1	18 1/2p	10p	7.00	-
Can Imp Bk		1453p	-7	1618p	1228p	2,741	4.9
Can Pacific		1038p	—	1038p	810p	3,309	1.7
4pc Deb		41 1/4	—	42	38	19.3	9.7
Derlan	♥	214p	+4	281p	194p	-	7.1
Echo Bay	♥	399p	-9	421p	365p	418.6	1.2
Gulf Can	♥	221pxd	-7	236p	147p	350.6	-
Hawker Sid	♥	11 3/4	-1/4	12	10 1/8	96.3	5.0
Hudson's Bay	♥	1813p	-36	1885p	1485p	841.5	2.4
Imperial Oil	♥	25 1/4xd	+1/8	26 1/2	20 1/4	4,870	3.9
Inco		15 1/4xd	-1/4	17 1/8	13 7/8	1,649	1.6
N A Tire Recycling	♥	35p	—	41p	27p	3.00	-
Nova Corp Alberta		452p	-6	516p	432p	1,355	2.9
Rio Algom	♥	928p	+8	1096p	830p	405.9	3.5
Royal Bk Can		1401p	-27	1492p	1125p	4,397	4.5
TVX Gold	♥	167p	+4	184p	123 1/2p	27.1	-
Toronto-Dom		894p	-1	928p	753p	2,891	4.6
Trans Can Pipe	♥	990p	-3	1028p	847p	1,734	5.6

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING–AEROSPACE

[illegible]

ENGINEERING–GENERAL

[illegible]

ENGINEERING–GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

Ennex Intl IE	5¼	+1¼	6¼	3¼	4.83	-
Europa Minls	10	---	16	15	7.72	-
Glencar Expl IE	7	---	8	6	1.29	-
Greenwich Res	13	---	16½	5	10.0	-
Hemlo Gold C$	9⅝	-⅛	55	23½	447.5	2.2
Ivernia West IE	50	---	57	31	25.1	-
Kenmare	13¼	+1½	13¼	6	12.7	-
Malinga Res.	15½	---	25½	14	1.71	-
Navan Res IE	31	+3	34	25	4.15	-
5pc Ln Notes	28	---	34	25	5.09	-
Oryx Gold	64	---	71	47	-	-
RTZ	658	+8	709	634	6,608	4.0
Vizcaya	5¼	---	6¼	2¼	3.08	-

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue,
xr ex rights;
xa ex all;
xR ex capital distribution.

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

FT MANAGED FUNDS SERVICE

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1				071-407 5966		
Income	5	388.31	388.31	413.1	+2.09	4.27
Global Inc	5	57.47	57.47	61.14	-0.21	3.78
Brit Leaders	5	308.82	308.82	329.7	+2.07	2.15
Intl Leaders	5	182.45	182.45	194.1	-1.14	0.67
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF				081-663 3003		
European Trust	6	52.68	52.82xd	56.19	+0.06	1.23
Far Eastern Tst	6	57.98	58.73	62.48	-0.09	0.80
Smaller Cos	5	145.5	150.5	160.1	-0.2	1.66
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS				071-637 5377		
S & W American	5	258.1	258.1	268.8	-3.49	0.72
S & W Capital	5	116.2	116.2	124.4		1.75
S & W Cash	0	100.41	100.41xd	100.41	+0.04	5.42
S & W European	5	113.5	113.6	120.1	+0.10	1.19
S & W Far Eastern	5	134.8	136.0xd	143.8	-1.00	0.06
S & W Growth	5	125.2	127.0	134.3		1.30
S & W Income	5	110.6	111.6xd	118.3	+0.20	4.83
S & W Maximum	5	122.9	122.9	131.7		1.82
S & W Smllr Stcs	5	302.6	306.0xd	328.9	+0.80	0.73
S & W Thoroughbred	5	142.1	142.1xd	152.3		1.59
Societe Generale Touche Remnant (1200)F						
3 Finsbury Ave, EC2M 2PA				071-410 4029		
American Gwth	5¼	78.63	78.63xd	84.09	-1.22	0
Eur Sp Sits Acc	5¼	46.63	46.63	49.68	-0.16	0
Eur Sp Sits Inc	5¼	44.04	44.04xd	46.90	-0.17	0
Far East Opps Inc	5¼	29.16	29.16	31.38	-0.48	0
Far East Opps Acc	5¼	29.96	29.96	32.25	-0.47	0
General Growth	5¼	97.12	97.12	104.00	+4.40	2.03
General Growth Acc	5¼	99.60	99.60	106.70	+4.60	2.02
Global Tech	5¼	108.80	108.80	116.30	-2.40	0
Income Growth	5¼	99.07	99.07	106.60		3.51
Income Growth Acc	5¼	100.90	100.90	108.60	+0.10	3.61
Income Monthly	5¼	55.60	55.60	59.46	+0.12	4.32
Japan Growth	5¼	77.07	77.07	81.99	-1.89	0
Overseas Growth	5¼	73.12	73.12	77.90	-1.26	0
Smaller Cos	5¼	69.43	69.43xd	74.66	+0.18	1.47
Special Opps	5¼	97.35	97.35	104.80	+0.16	2.20

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

	Bid Price	Offer Price	+ or -	Yield Gross
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690556				
Initial Equity	162.5	171.5	+0.8	-
Accum Equity	248.5	262.0	+0.5	-
Accum Managed	262.0	276.0	-0.5	-
Accum Five Star	198.5	209.5	—	-
Accum World	143.0	151.0	-0.5	-
Accum Emerg Mkts	224.5	237.0	-0.0	-
Pens Acc Equity	278.5	291.5	+1.0	-
Pens Acc Managed	344.5	363.0	-2.0	-
Pens Acc Emerg Mkts	266.0	280.5	—	-
Pens Acc Deposit	233.5	246.5	—	-
Pens Acc Five Star	224.5	237.0	—	-
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	264.3	278.8	+0.1	-
UK Fixed Int Acc	222.4	234.7	+0.6	-
Intl Equities Acc	225.2	237.8	-2.0	-
UK Managed Acc	192.8	203.3	-0.2	-
Property Acc	221.2	233.4	—	-
Money Acc	145.8	153.9	+0.1	-
Special Market Acc	188.4	198.7	-0.4	-
Japan Equity Acc	116.0	122.4	-0.1	-
North American Acc	147.3	155.4	-2.1	-
Pacific Acc	135.4	142.9	-0.9	-
European Acc	122.2	129.0	+0.1	-
Hong Kong Acc	114.3	120.6	-2.1	-
Int Fixed Interest Acc	74.4	78.5	(2)	-
Int Managed Acc	69.8	73.6	-0.3	-
HIP Managed II Acc	119.8	126.3	+0.1	-
HIP Managed III Acc	129.9	137.0	-0.2	-
Balanced Growth Acc	116.5	121.8	—	-
Building Society	100.0		—	4.30
Total Investment Bond				
UK Equity Initial	170.7		+0.1	-
[illegible]				

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Heritage Life Assurance Ltd - Contd.				
Pension Unit Trust Funds				
Gartmore Global Ser B	226.2	238.2	+1.3	-
Gartmore NA Ser B	149.8	157.7	+0.5	-
Gartmore Pacific Ser B	420.2	442.4	+3.1	-
Henderson Acc Ser B	231.1	243.3	+1.4	-
Perpetual Mng Ser B	257.1	270.7	—	-
Framlington Mo Ser B	221.4	233.1	+0.6	-
Gartmore Mngd Ser B	255.7	269.2	-0.1	-
Gartmore Euro Ser B	164.1	172.8	+1.1	-
Gartmore Global Ser D	146.3		+0.8	-
Gartmore NA Ser D	174.7		+0.5	-
Gartmore Pacific Ser D	227.1		+1.7	-
Henderson Acc Ser D	176.9		+1.0	-
Perpetual Mng Ser D	193.4		+0.1	-
Framlington Mo Ser D	182.1		+0.6	-
Gartmore Mngd Ser D	216.4		—	-
Gartmore Euro Ser D	129.1		+0.7	-
Baring Funds				
Eastern	279.5	294.3	-3.4	-
European Smlr Cos	164.2	172.9	+0.3	-
Managed	182.5	192.2	-2.0	-
Gartmore Funds				
British	320.6	337.5	+1.2	-
European	220.8	232.3	-0.3	-
Frontier Markets	142.2	149.7	-1.8	-
Global Bond	112.3	118.3	-1.1	-
Gold Intl Resources	54.4	57.3	+0.5	-
High Inc	260.1	273.8	-0.6	-
Hong Kong	305.5	321.6	-4.8	-
Income	394.0	414.8	+1.7	-
Japan	386.6	407.0	-7.5	-
UK Smlr Cos	278.0	292.7	+1.7	-
Man Gth	399.9	421.0	-0.4	-
Global Inc & Gwth	154.1	162.3	-1.3	-
Pacific Growth	248.8	258.8	-2.9	-
[illegible]				

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Capital House Fund Mgrs (CI) Ltd (0900)H						
PO Box 189, St. Helier, Jersey 0534 74689						
Capital House International Growth Funds Ltd ◊						
Equities						
UK Equity	5½	£1 482	1.493	1.574	[illegible]	-
North American	5½	$1 734	1.785	1.873	[illegible]	-
Japanese	5½	$1 662	1.671	1.773	[illegible]	-
Pacific Basin	5½	$3.107	3.168	3.359	[illegible]	-
Continental European	5½	$2.459	2 488	2.641	[illegible]	-
Gold	5½	$0.833	0.933	0.986	[illegible]	-
Bonds						
Sterling Bond	5½	£1.925	1.925	2.042	[illegible]	6.43
International Bond	5½	$2.215	2.215	2.349	[illegible]	4.53
US Dollar Bond	5½	$1 668	1.666	1.767	-	4 32
Currencies						
£ Sterling	0	£31 08	31.08	31 08	—	5.05
US$	0	$20 59	20 59	20.59	—	2 01
Japanese Yen	0	Y4000	4000	4000	—	2 77
D Marks	0	DM69.97	69.97	69.97	+0 01	7.31
Ecu's	0	Ecu33.60	33.60	33.60	-0.01	8.40
Managed						
Intl Portfolio	5½	$1 891	1 915	2.032	[illegible]	0.00
Managed Currency	5½	$2.465	2.465	2.605	[illegible]	1.24

	Init Chrge	Bid Price	+ or -	Yield Gr's
Gartmore Fund Managers International Ltd				
PO Box 278, 45 La Motte St., Jersey 0534 27535				
Capital Strategy Fund Ltd (z)				
American Fd	$-	2.0280	[illegible]	-
Canadian Fd	C$-	0.9764	[illegible]	-
British Fund	£-	2.9430	[illegible]	3.00
European Fund	DM-	5 1240	[illegible]	-
Asia Pacific Fd	$-	3.0130	[illegible]	-
Japan Fund	Y-	678 2000	[illegible]	-
Australasian Fd	A$-	0 4058	[illegible]	2.00
Global Resources	$-	0.7294	[illegible]	1.25
Emerging Mkts Fd	$-	2.0950	[illegible]	0.50
Int Growth Fund	$-	1.4800	[illegible]	0 50
Sterling Bond Fd	£-	1.1970	[illegible]	6.63
ECU Bond Fund	Ecu-	0 9764	[illegible]	7 03
Intl Bond Fund	$-	1.3240	[illegible]	4.94
US$ Deposit Fd	$-	1.0030	—	2.05
Sterling Deposit Fd	£-	1 0060	—	5.03
French Franc Dep Fd	FFr-	10.1400	—	9 73
Swiss Fr Dep	SFr-	5.0270	—	4.27

	Bid Price	Offer Price	+ or -	Yield Gross
Scimitar Worldwide Selection Fd Ltd				
Equity Class Funds				
American	$16.09	16.02	-0.07	-
Asian Emrgr Mkts	$18.31	19.45	-0.01	-
European	$11.22	11 91	+0 15	-
Gold	$3 464	3.684	+0.048	-
Japanese	$30.28	32.18	-0.34	-
Pacific Basin	$22.51	23.91	-0 03	-
S'pore Indo Malaysian	$10.58	11.23	+0.11	-
Utd Kingdom	£10.40	11.05	+0.05	-
Worldwide	$16.78	17.82	+0.10	-
Worldwide Income	$10.86	11.53xd	+0 020	-
Worldwide Warrant	$5.713	6.057	-0.070	-
Worldwide Guaranteed	$11 24	11 89	+0.03	-
W'wide Guaranteed NAV	$11.24		—	-
Managed Class Fund				
Worldwide	$10.27	10.91	+0.14	-
Bond Class Funds				
Ecu	Ecu9.289	9.835xd	+0.014	6.27
Sterling	£9.861	10 43xd	-0.01	6 42
US Dollar	$9.534	10 08xd		4 32
Worldwide	$9 740	10.30xd	+0 04	4.84
Scrimgeour Kemp-Gee Mangmt., Jersey				
SKG Capital Fund	£6.096	6.433	—	-
SKG Income Fund	£0.804	0.855	—	6.82
TSB Trust Funds (CI)				
TSB Jsy Equity Fd	45.7	48.1	-0.40	1.77
TSB G'sey Equity Fd	45.7	48.1	-0.40	1.77
TSB Island Pension	451.8	475.6	—	-
TSB Gilt Fd (Jsy) Ltd	105.61	108.95xd	-0 19	7.71
Tyndall International (Jersey) Ltd				
Gilt Fd	122.2	128.4xd	-0.1	7.79
(Accum Shares)	755.2	793.0	-0.5	7.79
Managed Currency Stg	132	141	—	-
International	409	430xd	-4	0 26
Warburg Asset Management Jersey Ltd				
Ch Island & Int	21.29	1.36xd	—	2.47
Energy Int	$125.50	133.65	—	-
Mercury Bond Apr 14	$30.96	32.63	—	5.46
Merc Money Mkt Stg	£45 29		—	-
Mercury International Inv Tst Ltd				

Fidelity Funds (u)

Kansallis Hse, Place de L'Etoile

Five Arrows Asia Pacific Fd

20 Blvd Emmanuel Servais, Lux

Fleming Group (u)

45 Rue Des Scillas L-2529 Ho

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Housing starts weaken dollar

THE DOLLAR yesterday lost ground against the D-Mark in Europe, but came back towards the close of trading after dealers failed to push the US currency below the DM1.5860 level, *writes James Blitz.*

The US currency was under pressure against the D-Mark from a number of quarters. The dollar again weakened sharply against the yen in overnight trading in Asia, reaching a new record low. At the same time, there were rumours that the Bank of Finland was engaged in heavy dollar sales as part of a restructuring of its currency portfolio.

Another factor hanging over the dollar was the growing attitude that the Bundesbank has been easing monetary policy more slowly than expected. Yesterday, the German authorities announced a variable rate repurchase agreement in their weekly money market operation. With call money at 8.19 per cent and the lowest accepted repo at 8.11 per cent, the chances of a significant easing in the repo rate today looked slim.

There was cause for concern, too, about the sluggishness of the US economic recovery, with a poorer-than-expected housing starts figure, which fell 4.6 per cent in March. The market assumed that it was partly due to the month's bad weather. However, Mr Neil MacKinnon, an economist at Citibank in London, said that the data underlined that US GDP had peaked in the fourth quarter of last year at about 4.7 per cent, and that the first quarter figure for 1993 would be about 2.5 per cent.

At lunchtime, in Europe, the dollar was pushed as low as DM1.5825 after closing the previous night at DM1.6000. However, in the afternoon, it rebounded on technical trading by dealers to close unchanged at DM1.6000.

In Tuesday's trading in Tokyo, the dollar weakened to a new historic low of Y110.20 as the market continued to believe that there was no consensus between the US and Japan to bring down the yen's exchange rate.

There were suggestions that the Bank of Japan had intervened to the tune of $1bn to support the dollar. However, Mr David Cocker of Chemical Bank in London, says that both the US and Japanese authorities are notoriously poor at supporting currencies on their own. At best, the Federal Reserve was seen checking prices.

The yen closed in London at Y110.70, from a previous Y111.0

The D-Mark remained mostly unchanged against European currencies. Sterling failed to respond to poorer-than-expected figures for UK public borrowing in March, and closed ½ a pfennig higher on the day at DM2.4675.

One exception was the peseta which weakened to a close of Pta72.31 from a previous Pta72.26. The Spanish currency has now clearly gone through Pta72.32, the level at which the Bank of Spain has regularly intervened in recent weeks.

£ IN NEW YORK

Apr.20	Latest	Previous Close
£ Spot	1.5440-1.5450	1.5413 1.5423
1 month	0.38-0.37pm	0.37 0.36pm
3 months	1.09-1.07pm	1.10 1.08pm
12 months	3.97-3.90pm	3.97 3.90pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.20	Previous
8.30 am	80.2	80.0
9.00 am	80.3	80.0
10.00 am	80.3	80.0
11.00 am	80.2	80.0
Noon	80.3	80.0
1.00 pm	80.3	80.0
2.00 pm	80.3	80.1
3.00 pm	80.2	80.0
4.00 pm	80.3	80.1

CURRENCY RATES

Apr 20	Bank ♣ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.913450	0.790664
US Dollar	3.00	1.40842	1.22608
Canadian $	5.37	1.77292	1.53959
Austrian Sch	7.00	15.9238	13.7137
Belgian Franc	7.00	46.5553	40.1113
Danish Krone	10.00	8.69068	7.47236
D-Mark	7.50	2.26164	1.94886
Dutch Guilder	7.00	2.54248	2.18966
French Franc	10	7.64792	6.58529
Italian Lira	11.50	2164.90	1867.86
Japanese Yen	2.50	159.292	135.605
Norway Krone	-	9.56852	8.25628
Spanish Peseta	-	163.588	140.901
Swedish Krona	11.50	10.5482	9.01845
Swiss Franc	5.00	2.06559	1.78297
Greek Drach	19	N/A	265.884
Irish Punt	-	N/A	0.799168

♣ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Apr.19

CURRENCY MOVEMENTS

Apr 20	Bank of England Index	Morgan** Guaranty Changes %
Sterling	80.3	-29.88
U.S Dollar	64.0	-14.20
Canadian Dollar	95.2	-6.57
Austrian Schilling	115.0	+16.78
Belgian Franc	115.9	+1.82
Danish Krone	118.5	+12.49
D-Mark	125.1	+31.97
Swiss Franc	110.2	+18.35
Dutch Guilder	119.5	+21.08
French Franc	110.3	-6.22
Lira	79.1	-35.44
Yen	170.3	+109.73
Peseta	97.8	-25.41

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.19

OTHER CURRENCIES

Apr 20	£	$
Argentina	1.5490 - 1.5515	0.9995 - 1.0005
Australia	2.1590 - 2.1610	1.3935 - 1.3945
Brazil	45638.0 - 45683.0	29434.0 - 29435.0
Finland	8.4235 - 8.4755	5.4750 - 5.4950
Greece	332.250 - 338.190	214.350 - 218.650
Hong Kong	11.9490 - 11.9605	7.7290 - 7.7300
Iran	2523.00 - 2528.00	1648.00 - 1650.00
Korea(Sth)	1215.25 - 1234.85	792.90 - 799.10
Kuwait	0.46575 - 0.46700	0.30050 - 0.30100
Luxembourg	50.70 - 50.80	32.85 - 32.95
Malaysia	3.9755 - 3.9860	2.5715 - 2.5725
Mexico	4.7800 - 4.7835	3.0920 - 3.0940
N.Zealand	2.8560 - 2.8600	1.8475 - 1.8500
Saudi Ar	5.7910 - 5.8025	3.7495 - 3.7505
Singapore	2.5015 - 2.5075	1.6195 - 1.6205
S.Af (Cm)	4.8885 - 4.8995	3.1600 - 3.1620
S.Af (Fn)	7.0810 - 7.1110	4.5800 - 4.6000
Taiwan	40.10 - 40.25	25.95 - 26.05
U.A.E.	5.6700 - 5.6830	3.6715 - 3.6735

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 20	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Irish Punt	0.809996	0.799168	-1.34	1.90	51
Spanish Peseta	142.150	140.901	-0.88	1.43	15
Dutch Guilder	2.20045	2.18966	-0.49	1.04	15
Belgian Franc	40.2802	40.1113	-0.42	0.96	11
Portuguese Escudo	180.624	180.161	-0.26	0.80	4
D-Mark	1.95294	1.94886	-0.21	0.75	1
Danish Krone	7.44934	7.47236	0.31	0.23	-23
French Franc	6.54988	6.58529	0.54	0.00	-41

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. (17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5405 - 1.5550	1.5415 - 1.5425	0.39-0.37cpm	2.96	1.09-1.06pm	2.79
Canada	1.9305 - 1.9530	1.9380 - 1.9390	0.26-0.17cpm	1.33	0.44-0.29pm	0.75
Netherlands	2.7625 - 2.7750	2.7650 - 2.7750	3/8-5/8cdis	-2.17	7/8-1 1/4dis	-1.53
Belgium	50.60 - 50.80	50.70 - 50.80	8-12cdis	-2.36	19-31dis	-1.97
Denmark	9.4350 - 9.4700	9.4600 - 9.4700	3 1/8-5 1/2oredis	-5.63	11 1/4-13 1/4dis	-5.18
Ireland	1.0085 - 1.0125	1.0105 - 1.0115	0.22-0.26cdis	-2.85	0.53-0.61dis	-2.26
Germany	2.4600 - 2.4700	2.4650 - 2.4700	3/8-5/8pfdis	-2.43	1 1/8-1 1/4dis	-1.83
Portugal	227.00 - 228.50	227.25 - 228.25	243-257cdis	-13.17	578-613dis	-10.46
Spain	177.75 - 178.60	178.30 - 178.60	109-128cdis	-7.97	310-344dis	-7.33
Italy	2351.50 - 2363.50	2361.75 - 2362.75	10-13liredis	-5.84	29-32dis	-5.16
Norway	10.4300 - 10.4900	10.4300 - 10.4400	1 5/8-2 7/8oredis	-2.59	5 1/2-6 1/4dis	-2.32
France	8.3100 - 8.3400	8.3300 - 8.3400	2 1/8-2 7/8cdis	-3.69	5-5 7/8dis	-2.61
Sweden	11.3575 - 11.4125	11.3825 - 11.3925	2 7/8-4 1/4oredis	-3.75	9 1/4-10 7/8dis	-3.51
Japan	170.25 - 172.00	170.25 - 171.25	1/2-3/8ypm	3.07	1 1/4-1 1/8pm	2.78
Austria	17.32 - 17.40	17.33 - 17.38	2 1/8-3 1/8grodis	-1.90	5 5/8-6 5/8dis	-1.43
Switzerland	2.2525 - 2.2650	2.2525 - 2.2625	1/4-parcpm	0.66	5/8-7/8pm	0.89
Ecu	1.2575 - 1.2680	1.2650 - 1.2660	0.32-0.36cdis	-3.22	0.85-0.91dis	-2.78

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.15-2.10pm . 12 Month 4.05-3.95pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5405 - 1.5550	1.5415 - 1.5425	0.39-0.37cpm	2.96	1.09-1.06pm	2.79
Ireland†	1.5230 - 1.5395	1.5255 - 1.5265	0.78-0.73cpm	5.94	2.00-1.90pm	5.11
Canada	1.2525 - 1.2575	1.2555 - 1.2565	0.16-0.19cdis	-1.67	0.55-0.59dis	-1.82
Netherlands	1.7790 - 1.7980	1.7965 - 1.7975	0.74-0.77cdis	-5.04	1.94-2.00dis	-4.39
Belgium	32.60 - 32.95	32.85 - 32.95	14.00-15.00cdis	-5.29	38.00-41.00dis	-4.80
Denmark	6.0750 - 6.1400	6.1350 - 6.1400	4.00-5.00oredis	-8.80	11.50-13.00dis	-7.98
Germany	1.5825 - 1.6005	1.5995 - 1.6005	0.71-0.72pfdis	-5.36	1.88-1.91dis	-4.74
Portugal	146.35 - 147.80	147.50 - 147.60	188-194cdis	-15.53	470-490dis	-13.01
Spain	114.50 - 115.75	115.50 - 115.60	105-110cdis	-11.16	292-302dis	-10.28
Italy	1516.00 - 1532.50	1531.75 - 1532.25	10.60-11.40liredis	-8.62	30.00-31.20dis	-7.99
Norway	6.7075 - 6.7900	6.7650 - 6.7700	2.80-3.30oredis	-5.41	8.00-8.70dis	-4.94
France	5.3500 - 5.4150	5.4025 - 5.4075	2.83-2.98cdis	-6.45	7.40-7.85dis	-5.57
Sweden	7.3000 - 7.3900	7.3825 - 7.3875	3.90-4.50oredis	-6.82	10.90-11.80dis	-6.15
Japan	110.20 - 110.90	110.65 - 110.75	par-0.01ydis	-0.05	par-0.01dis	-0.02
Austria	11.1500 - 11.2300	11.1750 - 11.1800	4.40-4.75grodis	-4.91	11.80-12.50dis	-4.31
Switzerland	1.4480 - 1.4660	1.4640 - 1.4650	0.29-0.32cdis	-2.50	0.71-0.76dis	-2.01
Ecu†	1.2170 - 1.2300	1.2190 - 1.2200	0.63-0.62cpm	6.15	1.70-1.68pm	5.54

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Apr 20	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	5 7/8 - 5 3/4	5 7/8 - 5 3/4	6 - 5 7/8	6 1/16 - 5 15/16	6 1/16 - 6	6 1/4 - 6 1/8
US Dollar	2 15/16 - 2 13/16	3 1/8 - 3	3 3/16 - 3 1/16	3 1/4 - 3 1/8	3 5/16 - 3 3/16	3 5/8 - 3 1/2
Can. Dollar	4 3/8 - 4 1/8	4 7/8 - 4 5/8	4 15/16 - 4 13/16	5 3/16 - 4 15/16	5 7/16 - 5 5/16	6 - 5 3/4
Dutch Guilder	8 - 7 7/8	8 - 7 7/8	7 7/8 - 7 3/4	7 13/16 - 7 11/16	7 1/4 - 7 1/8	6 13/16 - 6 11/16
Swiss Franc	5 1/2 - 5 1/4	5 1/2 - 5 1/4	5 3/8 - 5 1/4	5 1/8 - 5	4 13/16 - 4 11/16	4 5/8 - 4 1/2
D-Mark	8 5/16 - 8 3/16	8 1/4 - 8 1/8	8 1/4 - 8 1/8	7 13/16 - 7 11/16	7 1/2 - 7 3/8	6 7/8 - 6 3/4
French Franc	9 3/8 - 9 1/8	9 3/8 - 9 1/8	9 1/4 - 9	8 7/8 - 8 5/8	8 1/2 - 8 1/4	7 7/8 - 7 5/8
Italian Lira	12 1/2 - 10 1/2	11 1/2 - 11	11 1/8 - 10 7/8	11 3/8 - 10 7/8	11 1/8 - 10 7/8	11 1/8 - 10 7/8
Belgian Franc	8 5/16 - 8 3/16	8 5/16 - 8 3/16	8 7/16 - 8 5/16	8 1/16 - 7 15/16	7 3/4 - 7 5/8	7 1/4 - 7 1/8
Yen	3 1/4 - 3 1/8	3 3/16 - 3 1/8	3 1/4 - 3 1/8	3 1/4 - 3 1/8	3 3/8 - 3 1/4	3 3/8 - 3 1/4
Danish Krone	10 1/2 - 10	10 1/2 - 10	11 - 10 1/2	10 1/2 - 10	10 - 9 1/2	9 1/2 - 9
Asian $Sing	3 1/4 - 2 1/4	3 1/4 - 2 1/4	3 1/2 - 2 1/2	3 1/2 - 2 1/2	3 1/2 - 2 1/2	3 3/4 - 2 3/4
Spanish Peseta	13 3/8 - 12 7/8	13 1/2 - 13	13 3/16 - 13 1/16	13 3/8 - 13 1/8	13 1/16 - 12 13/16	12 5/8 - 12 3/8
Portuguese Esc	19 - 18 1/2	19 1/2 - 18 1/2	19 - 18 1/2	17 - 16	16 - 15 1/4	15 - 14 1/2

Long term Eurodollars: two years 4 1/16-3 15/16 per cent; three years 4 5/8-4 1/2 per cent; four years 5 1/16-4 15/16 per cent; five years 5 7/16-5 5/16 per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr.20	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.542	2.467	170.7	8.335	2.257	2.770	2362	1.938	50.75	178.4	1.265
$	0.649	1	1.600	110.7	5.405	1.464	1.796	1532	1.257	32.91	115.7	0.820
DM	0.405	0.625	1	69.19	3.379	0.915	1.123	957.4	0.786	20.57	72.31	0.513
YEN	5.858	9.033	14.45	1000.	48.83	13.22	16.23	13837	11.35	297.3	1045	7.411
F Fr.	1.200	1.850	2.960	204.8	10.	2.708	3.323	2834	2.325	60.89	214.0	1.518
S Fr.	0.443	0.683	1.093	75.63	3.693	1	1.227	1047	0.859	22.49	79.04	0.560
N Fl.	0.361	0.557	0.891	61.62	3.009	0.815	1	852.7	0.700	18.32	64.40	0.457
Lira	0.423	0.653	1.044	72.27	3.529	0.956	1.173	1000.	0.820	21.49	75.53	0.536
C $	0.516	0.796	1.273	88.08	4.301	1.165	1.429	1219	1	26.19	92.05	0.653
B Fr.	1.970	3.038	4.861	336.4	16.42	4.447	5.458	4654	3.819	100.	351.5	2.493
Pta	0.561	0.864	1.383	95.68	4.672	1.265	1.553	1324	1.086	28.45	100.	0.709
Ecu	0.791	1.219	1.950	134.9	6.589	1.784	2.190	1867	1.532	40.12	141.0	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls May	Calls June	Calls September	Puts May	Puts June	Puts September
116	-	2.00	-	-	0.13	0.53
117	0.98	-	-	0.05	0.30	0.83
118	0.20	0.54	1.12	0.33	0.69	1.26
119	0.02	0.19	0.68	-	-	-
120	-	0.04	0.40	-	-	-
Open Int	21,971	155,796	111,721	11,308	123,373	63,697

Estimated volume 37,184 † Total Open Interest 517,763

† All Yield & Open Interest figures are for the previous day.

	Close	High	Low	Prev.
Jun	2871.0	2875.0	2844.0	2842.0
Sep	2892.0			2863.0
Dec				

Estimated volume 11059 (7989)
Previous day's open int. 42664 (43193)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5420	1.5382	1.5313	1.5208	1.5020

BASE LENDING RATES

	%
Adam & Company	6
Allied Trust Bank	6
AIB Bank	6
●Henry Ansbacher	6
B & C Merchant Bank	13
Bank of Baroda	6
Banco Bilbao Vizcaya	6
Bank of Cyprus	6
Bank of Ireland	6
Bank of India	6
Bank of Scotland	6
Barclays Bank	6
Brit Bk of Mid East	6
●Brown Shipley	6
CL Bank Nederland	6
Citibank NA	6
City Merchants Bank	6
Clydesdale Bank	6
The Co-operative Bank	6
Coutts & Co	6
Credit Lyonnais	6
Cyprus Popular Bank	6
Duncan Lawrie	6
Equatorial Bank plc	6
Exeter Bank Limited	7
Financial & Gen Bank	7
●Robert Fleming & Co	6
Girobank	6
●Guinness Mahon	6
Habib Bank AG Zurich	6
●Hambros Bank	6
Heritable & Gen Inv Bk.	6
●Hill Samuel	6
C. Hoare & Co	6
Hongkong & Shanghai	6
Julian Hodge Bank	6
●Leopold Joseph & Sons	6
Lloyds Bank	6
Meghraj Bank Ltd	6
McDonnell Douglas Bk.	6
Midland Bank	6
Mount Banking	6
NatWestminster	6
Nykredit Mortgage Bnk	6.5
●Rea Brothers	6
Roxburghe Bank Ltd	6
Royal Bk of Scotland	6
●Smith & Williamson Secs.	6
Standard Chartered	6
TSB	6
Unibank plc	6
●United Bk of Kuwait	6
Unity Trust Bank Plc	6
Western Trust	6
Whiteaway Laidlaw	6
Yorkshire Bank	6

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Variable rate repo

THERE was slightly duller sentiment in European futures markets yesterday after the Bundesbank announced a variable rate repurchase agreement in its weekly money market operations, *writes James Blitz.*

The lowest accepted interest rate in today's operation could be a few basis points below last week's rate of 8.11 per cent. But some dealers had expected the Bundesbank to bring down the cost of lending money to commercial banks through a fixed rate repo, and there was disappointment that this did not happen.

This now means that there is little chance that the Bundesbank will bring down the discount rate at its council meeting tomorrow, as this is so far below the repo rate level. However, there are expectations of a cut in the internationally-sensitive Lombard rate, currently at 9.0 per cent.

The announcement caused a slight setback in Euromark contracts. One dealer added that there was disappointment that the figure for Germany's M3 money supply for March had not come through. Dealers are anticipating a low figure that will encourage the German central bank to ease policy.

Another factor that may have suppressed sentiment was the expectation that the forthcoming inflation figures for March would show a slight rise. This would reduce any willingness by the Bundesbank to ease policy.

The June Euromark contract fell to a close of 92.70 from a previous close of 92.74. There was an even heavier setback in the September contract, which fell 8 basis points to close at 93.56.

At these levels, futures dealers are still looking for quite a lot of easing by the Bundesbank. The contracts price 60 basis points off 3 month money by the summer and 146 basis points off the period rate by September this year.

Sterling futures markets lost some of their early strength after the figures for the government's Public Sector Borrowing Requirement were a good deal worse than the market had expected. The PSBR showed borrowing of £9.5bn last month, the highest monthly borrowing requirement on record.

The June short sterling contract fell back to a close of 93.95 after earlier peaking at 93.99. Three-month sterling cash closed unchanged at around 6 per cent.

UK clearing bank base lending rate 6 per cent from January 26, 1993

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.20)	3 months US dollars		6 months US Dollars	
	bid 3 1/8	offer 3 1/4	bid 3 3/16	offer 3 5/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	6	One month	2.89	Three year	4.18
Broker loan rate	5	Two month	2.84	Five year	5.07
Fed.funds	2 13/16	Three month	2.86	Seven year	5.51
Fed.funds at intervention	-	Six month	3.02	10-year	5.87
		One year	3.18	30-year	6.75
		Two year	3.77		

Apr.20	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.15-8.25	8.10-8.20	7.95-8.05	7.85-7.95	7.45-7.60	9.00
Paris	9 1/4-9 3/8	8 13/16-9 3/16	-	8 1/2-8 3/4	-	8.75
Zurich	5 1/2-5 5/8	5 1/16-5 5/16	-	5-5 1/8	-	-
Amsterdam	7.87-7.90	7.85-7.90	-	7.52-7.57	-	-
Tokyo	3 1/8-3 3/16	3 3/16-3 1/4	-	3 3/16-3 1/4	-	-
Milan	11 5/8-11 7/8	11 1/16-11 3/16	-	11 3/8-11 1/16	-	-
Brussels	8 1/16-8 3/16	8 1/16-8 3/16	-	7 15/16-8 1/16	-	-
Dublin	8 3/8-8 1/2	8 1/16-8 3/16	8 1/4-8 3/8	8 1/16-8 3/16	7 15/16-8 1/16	-

LONDON MONEY RATES

Apr 20	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7	5 7/8	6	6 1/16	6 1/8	6 1/4
Interbank Bid	5 1/4	5 5/8	5 7/8	5 15/16	6	6 1/8
Sterling CDs.	-	-	5 7/8	5 15/16	5 15/16	6 1/16
Local Authority Deps.	5 3/4	5 13/16	5 15/16	5 15/16	6 1/16	6 1/8
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	5 1/4	5 1/2	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5 7/8	5 15/16	6	6 1/8
Treasury Bills (Buy)	-	-	5 11/16	5 5/8	5 1/2	-
Bank Bills (Buy)	-	-	5 11/16	5 11/16	5 11/16	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs.	-	-	2.97	3.00	3.06	3.28
SDR Linked Dep. Offer	-	-	4 7/8	4 13/16	4 3/4	4 11/16
SDR Linked Dep. Bid	-	-	4 3/4	4 11/16	4 5/8	4 9/16
ECU Linked Dep. Offer	-	-	9 1/8	8 13/16	8 1/2	7 13/16
ECU Linked Dep. Bid	-	-	9	8 11/16	8 3/8	7 11/16

Treasury Bills (sell); one-month 5 5/8 per cent; three months 5 11/16 per cent; six months 5 7/16 per cent; Bank Bills (sell): one-month 5 21/32 per cent; three months 5 5/8 per cent; Treasury Bills; Average tender rate of discount 5.2945 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31 ,1993 . Agreed rates for period April 26, 1993 to May 25 , 1993, Scheme I: 7.35 p.c., Schemes II & III: 7.25 p.c. Reference rate for period Feb 27, 1993 to March 31 , 1993, Scheme IV&V: 6.026 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6 1/2 from April 1 , 1993:Bank Deposit Rate for sums at 7 days notice 5 3/8 p.c.:Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2 3/4 p.c.; one-three months 5 1/4 p.c.; three-six months 5 p.c.; six-nine months 4 3/4 p.c.; nine-twelve months 4 1/2 p.c.; Under £100,000 2 3/4 p.c. from Jan.27, 1993. Deposits withdrawn for cash 1 1/4p.c.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.8,131 Set by FETTLER

ALPHABETICAL JIGSAW
Method: Solve the clues and fit the solutions into the diagram wherever they will go.

ACROSS

A A ragman is this of this (7)
B Happens to be converted deist (7)
C The liqueur for states' celebrations (8)
D Function at which one might eat meat-ball (6,5)
E Well-cooked, a diet came deprived of fresh (9)
F When not in, he can be on or off (9)
G This light should give you an inkling (7)
H Hi there Vanessa! Suffering depression? (5,9)
I Once shut in, I'm going to strip (5)
J A woolly cow? (6)
K A large number pinch (with dexterity) a conservative collection of this and that (5,10)
L Learned old boy's left to rub out (8)
M Where sore gums are found? (4)
N Gin befuddled Eleanor, in short, a ragged-lady (7)
O Deviating characteristics of carob liqueurs (7)
P According to one scold – "On your head be it" (7)
Q Junior's horse is in landing that's squelchy (6)
R An official of high degree? Very much so! (5)
S Cunning, serpentine; coiled about enemy's middle (6)
T Meagre and dreadfully bleak? That's quite conceivable! (9)
U Bug? An awful way to divulge (5)
V This confers immunity when a small quantity is injected into relaxed vein (7)
W We'll taste what was in good condition (4,6)
X Box, withering, expires from viral inclusions (1-6)
Y Boisterous gents, embraced by your wee lassie? (9)
Z "Jazz in Concert" includes a bit of brass (4)

Solution to Puzzle No.8,130

MEDICATE KOPECK
MAXIM OVERSIGHT
ADENOIDAL RHEUM
PARKIN WHATFOR
HIDEOUS DOINGS
TAMIL AXMINSTER
HALFDOZEN ORANG
TURKEY GOATSKIN

WORLD STOCK MARKETS

AUSTRIA

April 20	Sch	+ or −
Austrian Airlines	1,500	-5
Creditanstalt Pf	529	-8
EA General	3,370	-13
EVN	788	-5
Lenzing	583	+3
OeMV	578	—
Perlmooser Zement	980	+20
Radex Heraklith	307	-1
Reininghaus Brau	1,280	+16
Steyr Daimler	173	+1
Veitscher Magnesit	225	+1
Verbund (Br) A	430	-2
Vienna Int Airport	497	—
Wienerberger	2,990	-15
Z-Laenderbank	1,026	...

BELGIUM/LUXEMBOURG

April 20	Frs.	+ or −
AG Group	2,520	-30
Ackermans	3,125	-5
Almanij	7,280	+10
Arbed	2,760	+30
BBL	3,675	+5
Bank Intl a Lux	12,000	—
Banq Gen Lux Pts	17,350	-50
Banque Nat Belg	34,000	+500
Bekaert	14,450	-150
CBR Ciment	8,900	+20
CMB	1,835	+50
Cobepa	4,730	-20
Cockerill Priv	123	+5
Colruyt	8,190	+50
Delhaize Frs Lion	1,152	-10
Electrabel	6,150	-60
Electrabel AFV1	6,140	+30
Electrafina ACT	2,855	-10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close April 20

1993 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13¾	11½	AAR Corp	0.48	3.8	23	842	12⅞	12⅝	12⅝	-⅛
27¼	20	A L Labs A	0.18	0.8	34	202	22	21¼	21¼	-¾
61⅞	54⅝	AMP Inc	1.60	2.7	21	1896	60⅞	59½	59⅞	-⅞
70¼	55½	AMR			10	7086	66½	64⅞	65¼	-1⅛
2	1⅝	ARX			12	119	u2	1⅞	2	+⅛
42½	29⅞	ASA	2.00	4.9	26	779	40⅝	40¼	40½	+⅝
30¾	22⅝	Abbott Lab x	0.88	2.9	17	14773	27	26⅛	26⅞	+⅛
12⅝	10¾	Abitibi Pr x	0.50	4.2	4	17	11⅞	11⅝	11⅞	+⅛
11⅛	10¾	ACM Gvt In	0.96	8.5		101	u11⅜	11¼	11¼	-⅛
9¾	9⅛	ACM GvOpp	0.79	8.4		161	9½	9⅜	9⅜	+⅛
9⅝	8¾	ACM Gvt Sp	0.79	8.2		96	u9⅝	9½	9⅝	+⅛
11⅝	10½	ACM Gvt Se x	0.96	8.6		157	11¼	11⅛	11⅛	
10⅞	9⅝	ACM Man	1.08	10.0		107	10¾	10⅝	10¾	+⅛
8⅝	8⅝	ACM Managd	0.72	8.0		118	9⅛	9	9	-⅛
8⅞	7¾	Acme Cleve	0.40	4.6	18	302	u9	8⅝	8¾	+⅜
9¼	6½	Acme Elect			825	94	8¼	7½	8¼	+¾
16	12⅛	Acuson			12	1188	13⅛	12¾	13⅛	+⅛
22¼	19⅝	Adams Expr	0.48	2.3	1	46	21⅛	20⅞	20⅞	-⅛
58½	45½	Ad Micro	3.00	5.2		397	58½	57¼	57⅞	-⅝
28¼	17⅝	Ad Micro P	3.00	10.9	12	10719	27⅞	27½	27⅝	-¼
7¾	5½	Advest Grp	0.16	2.2	14	45	7¼	7⅛	7⅛	
49⅞	41⅛	Aegon ADR	1.35	2.9	8	289	47⅛	46⅞	47⅛	+½
53¾	43⅝	Aetna Lf	2.76	5.3	102	2217	51⅞	51⅛	51⅝	-¼
14½	11½	AGB A	0.28	2.2	30	2241	12¼	12	12	-¼
38⅝	33	Aflac	0.44	1.1	17	1331	u38⅞	37⅞	38½	+⅝
22⅛	17¼	Ahmanson	0.88	4.9	15	2529	18¼	17¾	18	-¼
7¾	4⅝	Aileen Inc			20	102	6⅛	5¾	5¾	-¼
48½	40⅜	Air Pr Chm	0.86	2.0	17	1225	43	42	42⅝	-⅝

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Continued on next page

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4 pm close April 20

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22	18	S Anita Rt	1.36	8.0	25	477	17	16½	17	+⅞
20¾	17	SCOR US Cp	0.32	1.6	48	173	19¾	19¼	19½	
26⅛	20	SPS Techno	1.28	4.9	19	71	u26½	26	26¼	+¼
14½	12⅞	Sabine Rlt x	2.09	14.7	10	56	14⅜	14⅛	14¼	-⅛
13⅛	8⅞	Safecard	0.10	0.8	16	433	12⅞	12⅛	12¾	+⅞
23½	17	Safeg'd Sc			10	62	19¾	19	19½	+¾
24⅞	17½	SafetyKln	0.36	2.1	22	3570	17¾	d17¼	17¼	-½
14⅜	10⅞	Safeway			16	4900	14	13⅜	13⅞	+⅝
3	2	SafewayW96				27	2¾	2⅝	2¾	+⅛
44½	37½	StJoePaper	0.20	0.5	77	29	39⅝	39⅜	39⅜	-⅛
37⅝	31	StJoeL&P	1.76	4.7	16	6	37½	37¼	37¼	
83¼	75	St Paul's	2.80	3.5	20	431	81⅝	80¼	80½	-¾
9⅝	8¼	Salant Crp			4	21	8¾	8⅝	8⅝	
75¼	42½	Sallie Mae	1.20	2.7	10	5621	44	43½	43⅞	-⅛
13⅞	13	Salomon Br	0.61	4.5		729	13¾	13½	13⅝	
41⅞	35¾	SalomonInc	0.64	1.7	9	2899	38⅝	37¾	37⅞	-½
26⅞	23¼	SanDgo G&E	1.48	5.6	14	1004	u26⅞	26¼	26½	-⅜
4⅜	3½	SantaFeEDu	0.40	10.7	41	32	3⅞	3¾	3¾	-⅛
11⅞	9⅛	SantaFeERs	0.16	1.4	162	745	11⅝	11⅜	11⅜	-¼
40¾	35¾	SantaFePac	2.80	7.1	14	47	39½	39¼	39¼	
16	12¾	SantaFeSin	0.10	0.7	44	6467	15½	14⅞	15	-½
31⅛	24¾	Sara Lee	0.58	2.3	18	9014	25½	d24⅝	25	-⅛
46½	40⅛	Scana Corp	2.74	6.0	16	233	46⅛	45⅞	46	-⅛
49⅝	43	Scecorp	2.80	5.8	14	3077	48⅝	48	48⅜	-⅜
38⅞	23⅞	SchererRP			25	585	28⅜	27¼	28	+¾
63⅞	51¾	ScheringPl	1.56	2.4	18	12017	u65½	62	65⅜	+3⅛
[illegible]										

- T -

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

- U -

[illegible]										

- V -

[illegible]										

- W -

[illegible]										

- X - Y - Z -

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
88⅞	77⅝	Xerox	3.00	3.8	23	4162	79⅞	79⅜	79⅜	-¼
54¾	51½	Xerox4.125	4.13	7.6		z100	54½	54½	54½	
100¼	62½	Xtra Corp	0.96	1.0	21	496	100	97¾	98⅛	-1⅞
32⅞	29⅝	Yankee Egy	1.66	5.1	14	27	32¾	32⅜	32⅝	+⅜
1¼	¾	Zapata			125	5826	u1¼	1⅛	1¼	
8⅞	5⅞	ZenithElec			1	247	7	6⅞	7	
29¼	19⅝	Zenith Nat	1.00	3.8	17	53	26¼	26⅛	26⅛	-¼
7½	6½	Zenix Inc x	0.82	11.1		32	u7½	7⅜	7⅜	-⅛
15	12¾	Zero Corp	0.40	3.0	19	19	13⅜	13¼	13⅜	
40¾	35¼	Zurn Ind	0.88	2.4	40	204	37¾	37½	37⅝	+⅛
13¼	12¾	Zweig Fund x	1.12	8.8		470	13	d12¾	12¾	-¼
10⅝	9⅞	Zweig Totl	0.96	9.1		386	10½	10⅜	10½	

Price data supplied by Telekurs

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4 pm close April 20

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

4 pm close April 20

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

AMERICA

Mixture of influences leaves shares lower

Wall Street

US share prices fell for the second consecutive day as investors reacted to higher bond yields, a mixed batch of corporate earnings reports, and news of weaker housing activity, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was down 27.02 at 3,439.97. The more broadly based Standard & Poor's 500 was 3.36 lower at 444.10, while the American SE composite was down 0.94 at 417.32 and the Nasdaq composite 1.38 easier at 661.65. Trading volume on the New York SE amounted to 180m shares by 1 pm, and declines outnumbered rises by 1,072 to 667.

The economic news set the tone for a downbeat opening to trading. The commerce department reported that housing starts fell by 4.6 per cent last month, a larger than expected fall, even accounting for the impact on house building of the severe winter storms that struck large parts of the country in March.

Prices were also depressed by a rise in bond yields. Although the rise was sparked by mostly technical factors, equity investors remain nervous that the 1993 bond market rally, which has sustained share prices all year, is almost over.

A large number of corporate earnings were filed yesterday as the first quarter reporting season came into its stride. There was no discernible pattern among the releases, which partly explains why the stock markets have struggled to find a direction in recent days.

IBM eased $1 at first, but then recovered to stand up $⅝ at $49⅞ in volume of 1.5m shares after the computer manufacturer announced a first quarter loss of 50 cents a share, compared with a profit of $1.21 a share a year ago. The figures were broadly in line with analysts' expectations.

Bank stocks fell in spite of some good earnings news. The declines were attributable to profit-taking by investors who had bought bank shares, anticipating improved profits.

Citicorp was the most heavily traded stock, easing $½ to $28⅞ in volume of 3.8m shares after the group reported net income of $374m, but also announced a rise in non-performing assets. Chemical, which reported profits of $374m, up 44 per cent on a year ago, fell $1 to $39⅝, and Wells Fargo dropped $4⅛ to $115⅛ on news of $1.72 a share first quarter net income.

Chemical Waste Management fell $1⅞ to $13⅛ after disappointing the market with its first quarter earnings.

On the Nasdaq market, technology issues rallied after Tuesday's huge decline in Intel shares. Intel added $4 at $101⅞, Borland International rose $1¼ to $20¼ and Seagate Technology, aided by a ratings upgrade from Bear Stearns, firmed $1¼ to $15⅝.

SAO PAULO was 5.1 per cent firmer at midsession after the government said that its economic programme will be unveiled on Saturday. Some reports said that one of its aims was to speed up the privatisation process. The Bovespa index was 1,116 higher at 22,963.

Canada

TORONTO was virtually flat but trading briskly at midday, dealers noting that junior oil and diamond stocks were leading the active list for the third consecutive session.

The TSE-300 index eased 1.22 to 3,662.00 in volume of 38.9m shares valued at C$291m.

Equities underplay South African fears

Gold and diamonds are still the big winners in Johannesburg, writes Philip Gawith

The Johannesburg Stock Exchange breathed easily yesterday for the first time in 10 days. South African equities seem to have emerged relatively unscathed from the political tension which has gripped the market since the Easter assassination of Mr Chris Hani, the influential leader of the South African Communist party.

The overall index closed yesterday at 3,576, up 18 from Monday, the day of Mr Hani's funeral, and near to the 3,589 level where the index last traded before Easter.

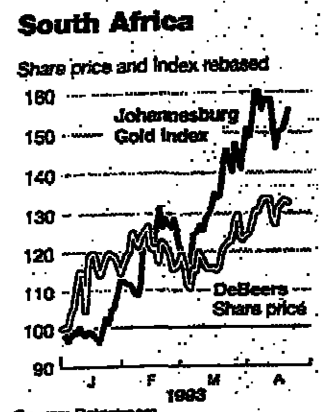
The JSE's performance underplays the widespread nervousness which has engulfed white South Africa in recent days. The institutions which dominate equity markets are notoriously chary sellers and this inertia has lent support to share prices, as has the weaker financial rand (the investment currency for foreigners, whose weakening cheapens South African shares for overseas buyers).

The nervousness, however, was clearly evident on the exchange rate and bond markets, with the financial rand closing on Monday at R4.96 to the dollar, a discount of 36 per cent against the commercial rand. But yesterday it strengthened to finish at R4.56 against the dollar, a discount of 31 per cent to the commercial rand.

The nervousness of the past 10 days aside, the first quarter of 1993 on the JSE was dominated by the performance of gold shares, with the All Gold index nearly 55 per cent up from its opening 786 for this year. The index closed yesterday at 1,248. The other star performer has been in diamonds: De Beers is 32 per cent up this year, and 73 per cent above the low of R44.25 it hit in the third quarter of 1992. The shares closed yesterday at R76.35.

It has been almost wholly due to the good performance of these two mining sectors, and a 16 per cent climb by the banking index, that the overall index has risen by nearly 10 per cent so far this year. The industrial index, the motor behind the JSE in recent years, has not performed at all; indeed, it is actually below the level of 4,359 at which it started the year, ending yesterday at 4,337.

South Africa



Source: Datastream

This sluggishness is understandable. The 2.6 per cent dividend yield on the industrial index is barely above the 23-year low recorded last June. Given that the South African economy remains resolutely in the doldrums, with little prospect of a significant improvement in company earnings over the next 12 to 18 months, it is difficult to justify these ratings. Industrial shares are reflecting the dismal economic situation.

The recovery of gold shares, likewise, was to be expected, although few would have predicted the extent of the recovery. Three factors underpin this improved performance:

- Better fundamentals in the local gold industry, especially in terms of cost control and productivity. Mr Rob Lee, of the Board of Executors, an institutional fund manager, notes that the industry is now producing slightly more gold than a few years ago, with 200,000 less workers.
- Secondly, better yields. When the index was at 800, it was offering a yield, through the financial rand, of about 10 per cent to foreign investors. These yields made South African gold shares very attractive, compared with North America or Australia.
- Finally, and flowing from this, South African golds attracted a portion of the international investment funds going into gold shares. It was these funds, mostly from the US, that drove up the index.

The way forward for the JSE is not clear. Although diamonds and gold have blazed a trail for the first quarter, few are willing to predict that these trends will continue.

As Mr Anthony Gibson, portfolio manager at institutional fund manager Syfrets, comments: "Now is not the time for aggression." Most industrial shares look overpriced, the gold bull run may be over, unless there is sustained strength in the rand gold price, and it is perhaps still too early to invest in cyclical commodity stocks. Mr Gibson argues that with inflation down at under 10 per cent, the real rates of return in the money market and medium-dated gilts make them perhaps the best place to be in the short term.

Over the next two or three years, however, he concurs with Mr Lee's view that, whereas a substantial increase in earnings can be envisaged for some mining companies, the same cannot easily be said for industrial shares. "Perhaps the trend towards mining has only just begun," comments Mr Lee.

ASIA PACIFIC

Nikkei falls 1.4% as yen strengthens against dollar

Tokyo

LATE SELLING led by the futures market erased the session's earlier gains, as worries about a stronger yen against the dollar pressured equity prices below the 20,000 level, *writes Wayne Aponte in Tokyo.*

The Nikkei average lost 283.91, or 1.4 per cent, to 19,828.43 for its third consecutive decline, after trading between an intraday low of 19,806.65 and a high of 20,332.20. The Topix index of all first section issues dipped 10.23 to close at 1,543.34, but in London the ISE/Nikkei 50 index improved 4.92 to 1,213.84.

Volume was estimated at 430m shares, compared to Monday's 361m. Declines outscored advances by 638 to 401, with 144 issues unchanged.

The strengthening of the yen, which ended at a record high of Y110.25 to the dollar in Tokyo, triggered selling in the final minutes of trading among short-term investors.

Anxiety over the yen's advance is likely to keep investors on the sidelines, traders said. Market participants had assumed that foreign exchange dealings would stabilise at lower levels, following reports of intervention by the Bank of Japan.

An analyst at a Japanese brokerage expected public fund managers to prevent the Nikkei average from declining sharply below the 20,000 level.

The yen's rise hurt exporters, TDK dropping Y130 to Y3,850, Sony Y120 to Y4,650 and Pioneer Electronic Y100 to Y2,460. High-technology issues also lost ground: NEC settled Y12 lower at Y928, Fujitsu weakened Y19 to Y701 and Hitachi declined Y25 to Y820.

Among vehicle manufacturers, Toyota receded Y40 to Y1,650, Honda fell Y20 to Y1,470 and Nissan ended Y10 lower at Y775.

In Osaka, the OSE average declined 53.03 to end at 21,757.04 in volume of 42.5m shares.

Roundup

THERE WERE mixed fortunes in the region yesterday.

KUALA LUMPUR was the focus of strong institutional buying of index-linked stocks and the composite index rose 7.58 to a new closing high of 672.53. Banking shares were in demand by foreign investors following buy recommendations by international brokers.

AUSTRALIA concentrated on the banking sector and John Fairfax Holdings as the All Ordinaries index moved forward 7.2 to 1,703.6. Turnover came to A$386.2m.

Westpac Banking led the actives, rising 8 cents to A$3.41 with 15.7m shares traded. Commonwealth Bank closed 13 cents firmer at a record high of A$8.55.

Fairfax was another stock to reach a record high on news that the government would allow The Telegraph, Mr Conrad Black's UK newspaper group, to lift its stake to 25 per cent from 15 per cent. The shares appreciated 11 cents to A$2.10.

HONG KONG closed lower for the fourth consecutive day as the cautious mood continued ahead of tomorrow's Sino-British talks on the colony's future. The Hang Seng index slipped 412.61 to 6,638.54.

TAIWAN retreated sharply on late selling in financial stocks as rumours abounded that the big three provincial banks – First, Chang Hwa, and Hua Nan – would not pay dividends for the next fiscal year. The weighted index fell 129.05, or 2.8 per cent, to 4,448.43 in turnover of T$39bn.

Chang Hwa Bank dropped T$6 to T$148, First Bank fell T$6 to T$163 and Hua Nan Bank was off T$7 at T$159.

MANILA lost ground for the second consecutive session as investors took profits. The composite index declined 13.84 to 1,554.81 in turnover of 410.4m pesos.

Manila Electric slipped 7.50 pesos to 290 pesos and PLDT eased 5 pesos to 965 pesos.

NEW ZEALAND's advance continued with a rise in the NZSE-40 capital index of 8.53 to 1,597.89 in good turnover of NZ$53m.

Carter Holt Harvey and Fletcher Challenge led the advance, helped by strong rises in the forestry sector in the US. Carter, up 4 cents at NZ$3.09, reached a 4½-year high, and Fletcher Challenge put on 7 cents at NZ$2.65.

BANGKOK was depressed by news that the government was to take legal action against violators of the country's new securities law. The SET index fell 6.51 to 884.22 in turnover of Bt3.3bn. The Securities and Exchange Commission has said that it has been investigating four cases involving possible breaches of the securities and exchange act.

SINGAPORE eased as investors took profits after the gains seen in the previous four sessions had left prices at record levels. The Straits Times Industrial index ended 8.95 off at 1,763.07.

KARACHI recovered some of Monday's loss and the KSE index closed 7.59 better at 1,076.09.

BOMBAY's fall accelerated, with a loss of 56.24 registered by the BSE index at 2,204.91.

EUROPE

Continent features mixed fortunes

MONDAY'S interest rate hopes mostly ran out of steam yesterday, *writes Our Markets Staff.*

PARIS continued its retreat for the fifth trading session with a fall in the CAC-40 index of 19.58 to 1,949.33, as investors turned away from the market on the view that there is unlikely to be any further easing in domestic interest rates until the Bundesbank moves. Since the year's high on March 30, the index has lost 4.2 per cent. Turnover was FFr2.8bn.

The market had largely factored in UAP's disappointing results and dividend cut announced yesterday and the shares lost FFr10 to FFr553. Peugeot dipped FFr14 to FFr546 ahead of tomorrow's results, while Euro Disney suffered a 6.6 per cent decline, down FFr5.40 at FFr76.40, on anticipation of poor second quarter figures next Tuesday.

FRANKFURT saw pressure on construction stocks as Hochtief and Holzmann announced rights issues. Turnover fell by DM1bn to DM5.1bn as the DAX index closed 6.19 lower at 1,687.11.

Hochtief's one for five at DM800 came early in the day and pulled the whole sector down, Hochtief leading with a DM43 drop to DM1,127, Holzmann losing DM30 to DM1,075 and Strabag DM15 to DM640.

Holzmann, which said early in February that a rights issue was on the cards, heralded a 2-for-15 after hours. It fell DM25 more to DM1,050 on the Ibis market.

MILAN was in reflective mood after Monday's referendum results and some profit-taking left the Comit index 2.66 easier at 522.72.

Political developments left the market cautious. Many investors are pinning hopes on the possibility of Mr Giuliano Amato continuing to head an interim government committed to pressing ahead with tough economic measures.

However, privatisation candidates turned lower on the view that Mr Amato may not continue in office. Sme fell L103 or 1.6 per cent to L6,097.

ZURICH saw demand for financial stocks ahead of tomorrow's Bundesbank meeting and the the SMI index added 3.9 to 2,170.8.

BBC bearers held on to an early SFr80 rise to SFr4170 after news that ABB Asea Brown Boveri, the Swiss-Swedish engineering group, aimed to eliminate net debt through asset sales this year.

Georg Fisher bearers rose SFr40 to SFr830 and Sulzer registered shares put on SFr21 to SFr743, ahead of today's annual news conference. The shares have risen by 9.4 per cent and 9.7 per cent respectively over the last week on strong local and foreign demand for some cyclical issues.

BRUSSELS saw activity in Cockerill, the steel manufacturer, which put on 4.2 per cent as investors were attracted by the group's high dividend yield. The shares closed up BFr5 at BFr123, after touching a new intraday high of BFr126. The Bel-20 index closed 1.33 lower at 1,251.91 in turnover of BFr1.3bn.

Among the Scandinavian markets STOCKHOLM rose on strong gains in Astra, the pharmaceutical concern. The Affärsvärlden General index closed up 4.70 at 1,010.50. Astra rose on strong sales in the US of its anti-ulcer agent, while lower domestic interest rates also supported activity.

HELSINKI saw firm gains on lower interest rates, with the HEX index rising 13.6 to 1,093.0. OSLO closed mostly lower and the all-share index fell 4.39 to 446.27 in turnover of NKr491m.

ISTANBUL continued lower from the start after Monday's plunge, but prices picked up late in the session. The market index ended 35.11 higher at 6,609.25 after a day's low of 6,079.

FT-SE Actuaries Share Indices

April 20 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1163.04	1163.90	1162.45	1160.70	1161.31	1158.63	1157.70	1158.12
FT-SE Eurotrack 200	1224.17	1223.52	1222.84	1222.90	1222.87	1220.13	1219.74	1220.73

	Apr 19	Apr 16	Apr 15	Apr 14	Apr 13
FT-SE Eurotrack 100	1164.59	1159.61	1156.40	1160.63	1157.54
FT-SE Eurotrack 200	1221.99	1217.33	1220.62	1223.50	1220.72

Base value 1000 (26/10/90) Highday: 100 - 1164.29; 200 - 1224.32 Lowday: 100 - 1157.03 200 - 1218.73.

Warsaw up 8% in strong trade

PRICES OF the 16 stocks quoted on the Warsaw Stock Exchange, which trades three times a week, rose by an average 8.1 per cent yesterday, near to the 10 per cent ceiling permitted per session as the two years' old exchange's unprecedented rally continued, *writes Christopher Bobinski in Warsaw.*

The dramatic rise in share prices has lifted pre-Easter price/earnings ratios by nearly a quarter, from an average 3.8 to yesterday's average 4.7, on an exchange whose total capitalisation is 5,979.8bn zloty ($359m). Yesterday's turnover was 48.3bn zloty.

Falling interest rates have brought stocks into favour with domestic investors, Mr Wieslaw Rozlucki, the exchange chairman, noted yesterday, adding that foreign confidence in the present government had helped to draw in foreign investors.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	MONDAY APRIL 19 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY APRIL 16 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (68)	142.10	−0.6	136.85	99.71	118.17	131.85	−0.6	3.75	142.96	138.84	101.75	119.92	132.64	144.19	117.39	145.78
Austria (18)	142.29	+1.3	137.03	99.84	118.33	118.57	+0.6	1.92	140.48	136.44	99.99	117.84	117.86	150.96	131.16	166.80
Belgium (42)	154.10	+0.8	148.40	108.11	128.14	125.21	−0.1	4.52	152.80	148.41	108.75	128.18	125.29	156.76	131.19	136.77
Canada (110)	124.16	+0.5	119.57	87.11	103.24	112.92	+0.3	2.94	123.54	119.98	87.92	103.62	112.62	125.97	111.41	129.88
Denmark (33)	215.02	+1.4	207.08	150.87	178.81	179.27	+0.4	1.28	211.97	205.87	150.87	177.81	178.53	215.02	185.11	231.14
Finland (23)	86.04	+2.3	82.86	60.38	71.55	100.08	+1.2	1.24	84.12	81.70	59.88	70.57	98.87	86.04	65.50	74.56
France (98)	163.07	+0.2	157.04	114.41	135.59	138.19	−0.7	3.23	162.75	158.07	115.83	136.51	139.20	167.36	142.72	154.58
Germany (62)	117.10	+1.7	112.77	82.17	97.37	97.37	+0.8	2.18	115.17	111.85	81.98	96.61	96.61	117.10	101.59	117.90
Hong Kong (55)	266.98	−0.2	257.11	187.32	222.02	264.97	−0.2	3.49	267.52	259.82	190.40	224.42	265.51	270.95	218.82	211.46
Ireland (15)	167.50	−1.3	161.31	117.53	139.29	154.92	−2.1	3.42	169.75	164.86	120.82	142.39	158.19	170.40	129.28	158.70
Italy (73)	65.07	+3.1	62.66	45.65	54.11	74.20	+2.1	2.66	63.10	61.28	44.91	52.93	72.66	65.07	53.78	70.54
Japan (470)	139.35	+0.7	134.20	97.77	115.89	97.77	−0.7	0.85	138.34	134.36	98.47	116.06	98.47	141.84	100.75	94.66
Malaysia (69)	301.01	+0.8	289.88	211.19	250.30	298.63	+0.6	2.25	298.60	290.01	212.52	250.47	296.87	301.01	251.66	231.36
Mexico (18)	1643.83	−0.1	1583.06	1153.39	1366.97	5558.98	+0.1	1.22	1645.69	1598.35	1171.34	1380.49	5554.46	1725.81	1410.30	1730.95
Netherland (24)	172.39	+1.0	166.02	120.96	143.36	141.39	+0.1	3.91	170.76	165.85	121.54	143.25	141.23	172.75	150.39	152.23
New Zealand (13)	47.17	+0.8	45.43	33.10	39.23	46.37	+0.5	4.72	46.78	45.43	33.30	39.24	46.15	47.36	40.56	43.25
Norway (22)	156.77	+1.5	150.97	110.00	130.37	144.32	+0.7	1.83	154.38	149.94	109.88	129.51	143.28	158.26	137.71	167.65
Singapore (38)	236.21	+0.9	227.47	165.74	196.42	176.45	+0.6	1.90	234.07	227.34	166.61	196.35	175.39	236.21	207.04	202.44
South Africa (60)	163.48	−0.7	157.44	114.71	135.95	174.64	−0.1	2.88	164.57	159.84	117.13	138.05	174.80	178.48	144.72	228.23
Spain (45)	131.99	+2.6	127.11	92.61	109.76	115.64	+1.5	5.25	128.65	124.95	91.57	107.92	113.89	131.99	115.23	149.28
Sweden (36)	166.95	+2.2	160.78	117.14	138.83	182.58	+0.5	1.85	163.37	158.67	116.29	137.05	181.76	168.80	149.70	183.08
Switzerland (55)	118.70	+0.5	114.31	83.29	98.72	108.06	+0.0	2.02	118.09	114.70	84.06	99.08	108.06	121.49	108.91	97.76
United Kingdom (219)	175.98	+0.9	169.47	123.46	146.33	169.47	+0.1	4.07	174.37	169.36	124.10	146.26	169.36	179.22	162.00	184.02
USA (519)	182.66	−0.4	175.91	128.17	151.90	182.66	−0.4	2.78	183.30	178.03	130.47	153.77	183.30	186.27	175.38	166.93
Europe (765)	146.11	+1.1	140.71	102.52	121.51	132.93	+0.2	3.36	144.52	140.37	102.87	121.24	132.64	147.81	133.92	146.16
Nordic (114)	158.65	+2.0	152.79	111.32	131.93	152.09	+0.5	1.64	155.59	151.11	110.74	130.52	151.27	158.65	142.13	171.34
Pacific Basin (713)	143.14	+0.6	137.85	100.43	119.03	103.83	−0.6	1.14	142.24	138.14	101.24	119.32	104.49	145.00	105.89	100.48
Euro-Pacific (1478)	144.24	+0.8	138.90	101.20	119.94	116.07	−0.3	2.06	143.05	138.94	101.81	120.00	116.40	146.03	117.26	118.94
North America (629)	179.02	−0.3	172.40	125.62	148.90	177.93	−0.3	2.79	179.58	174.42	127.84	150.67	178.51	182.38	171.51	164.60
Europe Ex. UK (546)	127.33	+1.2	122.62	89.36	105.91	112.11	+0.3	2.89	125.79	122.18	89.55	105.55	111.76	128.23	112.51	123.51
Pacific Ex. Japan (243)	180.71	−0.1	174.03	126.82	150.29	164.15	−0.1	3.31	180.83	175.63	128.73	151.70	164.37	182.08	152.70	157.81
World Ex. US (1666)	144.65	+0.8	139.31	101.50	120.30	117.98	−0.3	2.09	143.52	139.39	102.18	120.40	118.29	146.39	118.51	121.59
World Ex. UK (1966)	154.53	+0.3	148.82	108.43	128.52	134.69	−0.3	2.18	154.10	149.67	109.69	129.28	135.15	155.77	134.22	131.43
World Ex. So. Af. (2125)	156.50	+0.3	150.72	109.82	130.16	137.54	−0.3	2.36	155.96	151.47	111.02	130.84	137.96	157.88	137.29	135.37
World Ex. Japan (1715)	167.23	+0.2	161.04	117.34	139.08	160.39	−0.1	3.00	166.93	162.13	118.83	140.05	160.59	168.09	157.47	158.99
The World Index (2185)	156.42	+0.3	150.64	109.76	130.09	137.90	−0.3	2.36	155.89	151.41	110.96	130.78	138.31	157.83	137.32	135.97

Latest prices were unavailable for this edition. Zurich market closed April 19.